Volume IV

TRANSCRIPT OF RECORD

(Pages [illegible])

SUPREME COURT OF THE UNITED STATES

[illegible] TERM, 19[illegible]

No. [illegible]

UNITED STATES, APPELLANT,

vs.

THE PHILADELPHIA NATIONAL BANK, ET AL.

[illegible]

[illegible]

SUPREME COURT OF THE UNITED STATES

October Term, 1962

No. 83

UNITED STATES, APPELLANT,

vs.

THE PHILADELPHIA NATIONAL BANK, ET AL.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Volume IV

INDEX

Record from the United States District Court for the Eastern District of Pennsylvania—Continued

Record from the United States District Court for the Eastern District of Pennsylvania—Continued

[fol. 6401]

Deposits—Commercial Banks Located in Ten County Area Reported by Each County, Listing the Banks with Main Offices Now Located Therein Showing a Comparison of the Change in Deposits from 1951 to 1960
(1951 Adjusted for Banks Acquired by Merger or Purchase)

(Dollars in Thousands)

Philadelphia County—Pennsylvania	Date Acquired	12-31-51	12-31-60	Increase Amount	Increase Percent
Broad Street Trust Company		$ 59,108			
North Broad National Bank of Philadelphia (The)	10/24/52	9,205			
Northwestern National Bank	9/10/54	25,293			
Prospect Park State Bank	5/27/55	2,265			
Morton National Bank (The)	10/28/55	1,861			
Interboro Bank & Trust Company (Prospect Park)	2/10/56	8,457			
Total		106,189	$144,786	$ 38,597	36.3
Brown Brothers Harriman		207,565	238,466	30,901	14.9
Central-Penn National Bank of Philadelphia		140,225			
City National Bank of Philadelphia	2/21/52	34,798			
South Philadelphia National Bank of Philadelphia	10/31/52	15,299			
Wyoming Bank & Trust Company	4/ 1/55	11,295			
Newtown Bank & Trust Company (Formerly Newtown Title & Trust Company)	4/25/58	2,794			
Peoples National Bank & Trust Company of Langhorne (The)	9/ 5/58	6,592			
Total		211,003	261,301	50,298	23.8

Philadelphia County—Pennsylvania	Date Acquired	12-31-51	12-31-60	Increase Amount	Increase Percent
Citizens & Southern Bank & Trust Company (Formerly Citizens & Southern Bank)		2,363	4,707	2,344	99.2
Fidelity-Philadelphia Trust Company		207,532			
National Bank of Olney	6/20/52	9,972			
Clifton Heights National Bank	2/ 9/54	8,778			
First National Bank of Chester (The)	2/ 9/54	15,026			
Marcus Hook National Bank (The)	3/31/53	4,874			
Delaware County Trust Company (Chester)	12/ 3/54	5,038			
Ridley Park National Bank (The)	12/ 3/54	3,228			
National Bank of Lansdowne (The)	10/28/55	6,815			
Farmers National Bank of Bucks County (Bristol)	11/ 9/56	11,498			
Roosevelt Bank	11/ 9/56	11,943			
Abington Bank and Trust Company	7/ 3/58	5,368			
Total		290,072	463,732	173,660	59.9
Finance Company of Pennsylvania (The)		1,962	1,371	−591	−30.1
First Pennsylvania Banking & Trust Company					
Pennsylvania Company for Banking & Trusts (The)	9/30/55	$ 684,817			
First National Bank of Philadelphia	9/30/55	194,074			
Wayne Title and Trust Company (The)	3/ 9/56	9,584			
Huntingdon Valley Trust Company	1/ 2/59	4,946			
Total		893,421	$1,119,482	$ 226,061	25.3

[fol. 6402]

Frankford Trust Company		37,454	51,499	14,045	37.5
Girard Trust Corn Exchange Bank		508,212			
National Bank of Germantown & Trust Company	9/11/53	38,481			
North Philadelphia Trust Company	1/25/54	20,050			
National Bank of Narberth (The)	10/11/57	5,495			
Ambler National Bank	10/11/57	5,557			
Upper Darby National Bank	4/25/58	32,695			
Total		610,490	698,563	88,073	14.4
Industrial Trust Company		23,026			
Rzepski Bank (The)	12/ 2/55	2,638			
Perkiomen National Bank of East Greenville	12/30/60	5,856			
Total		31,520	48,175	16,655	52.8
Liberty Real Estate Bank & Trust Company					
Liberty Title & Trust Company	7/31/53	44,650			
Real Estate Trust Company	7/31/53	33,360			
Total		78,010	111,110	33,100	42.4
Marian Bank		532	999	467	87.8
Pennsylvania Warehousing & Deposit Company		1,652	2,161	509	30.9

[fol. 6403]

Philadelphia County—Pennsylvania

	Date Acquired	12-31-51	12-31-60	Increase Amount	Increase Percent
Philadelphia National Bank		$ 813,218			
First National Bank of Conshohocken (The)	9/25/53	13,365			
Chester-Cambridge Bank & Trust Company	2/20/54	25,372			
First National Bank of Lansdale (The)	2/20/54	14,732			
Montgomery National Bank of Norristown	2/20/54	9,814			
Citizens National Bank & Trust Company (The) (Pottstown)	12/ 9/55	6,702			
Hatboro National Bank (The)	12/ 9/55	6,862			
Delaware Valley Bank & Trust Company (Bristol)	11/ 9/56				
Southampton State Bank	9/10/54	2,760			
Bristol Trust Company (The)	9/10/54	7,981			
Yardley National Bank	4/10/53	3,460			
Gimbel Brothers Bank & Trust Company	7/11/58	16,446			
Total		920,712	$1,049,005	$ 128,293	13.9
Provident Tradesmens Bank & Trust Company					
Provident Trust Company	4/26/57	141,929			
First National Bank of Delaware County (The) (Media)	10/31/55				
First National Bank of Media (The)	6/30/53	16,722			
Swarthmore National Bank & Trust Company	6/30/53	5,965			
Ambler Trust Company	2/10/56	4,812			
Tradesmens Bank & Trust Company	4/26/57				
(Formerly Tradesmens Land Title Bank & Trust Company)					
Land Title Bank & Trust Company	6/19/53	80,774			
Tradesmens National Bank & Trust Company	6/19/53	121,970			
Market Street National Bank	12/30/55	58,200			
Merchants National Bank (Quakertown)	12/13/57	6,279			
Sellersville National Bank	10/ 1/54	2,135			
Collegeville National Bank	12/31/60	3,647			
Total		442,433	476,194	33,761	7.6
Second National Bank of Philadelphia		26,166	36,911	10,745	41.1
Sonsitaly Bank & Trust Company		4,293	4,456	163	3.8
Total Philadelphia County		$3,865,837	$4,712,918	$ 847,081	21.9

[fol. 6404]

Bucks County Bank & Trust Company (Perkasie)					
Perkasie Trust Company	4/ 4/55	$ 3,517			
First National Bank of Perkasie (The)	4/ 4/55	3,252			
Dublin National Bank (The)	4/ 4/55	1,382			
Quakertown Trust Company	4/ 4/55	4,087			
Total		12,238	$ 18,407	$ 6,169	50.4
Chalfont National Bank		2,289	3,694	1,402	61.3
Doylestown National Bank & Trust Company		11,578	16,422	4,844	41.8
Doylestown Trust Company		9,121	12,951	3,830	42.0
First National Bank & Trust Company (Newton)		7,010	9,151	2,141	30.5
First National Bank of Riegelsville		2,390	5,079	2,689	112.5
Morrisville Bank		8,911	13,832	4,921	55.2
Quakertown National Bank		4,806	8,476	3,670	76.3
Solebury National Bank of New Hope		3,384	5,847	2,463	72.8
Total Bucks County		$61,727	$93,856	$32,129	52.1
Chester County—Pennsylvania					
Atglen National Bank		$ 1,335	$ 1,914	$ 579	43.3
Downingtown National Bank (The)		7,979	10,119	2,140	26.8
Elverson National Bank (The)		3,226	5,506	2,280	70.7
Farmers Bank of Parkesburg		1,880	3,096	1,216	64.7
Farmers and Mechanics National Bank of Phoenixville		13,716	15,946	2,230	16.3
First National Bank of Honey Brook (The)		2,159	3,648	1,489	69.0
First National Bank (West Chester)		13,105	17,989	4,884	37.3

[fol. 6405]

	Date Acquired	12-31-51	12-31-60	Increase Amount	Increase Percent
National Bank of Avondale (The)		$ 3,931	$ 6,384	$ 2,453	62.4
National Bank of Chester County & Trust Company (West Chester)		13,360	20,828	7,468	55.9
National Bank of Chester Valley (Coatesville)		12,195	13,792	1,597	13.1
National Bank of Coatesville		13,810	15,751	1,941	14.0
National Bank & Trust Company of Kennett Square		8,900	11,530	2,631	29.6
Nat onal Bank of Malvern (The)		3,237	4,320	1,083	33.4
National Bank of Oxford (The)		4,613	6,172	1,559	33.8
National Bank & Trust Company of Spring City (The)		4,787	7,200	2,413	50.4
National Bank & Trust Company of West Grove		2,436	4,088	1,652	67.8
Peoples Bank of Oxford		3,787	4,505	718	18.9
Phoenixville Trust Company		4,640	5,950	1,310	28.2
Upper Main Line Bank (Berwyn)					
Berwyn National Bank	6/26/57	3,508			
Paoli Bank	6/26/57	3,438			
Total		6,946	15,846	8,900	128.1
Total Chester County		$126,042	$174,584	$ 48,543	38.5
Delaware County—Pennsylvania					
Delaware County National Bank (Chester)		$36,811	$71,915	$35,104	95.4
Total Delaware County		$36,811	$71,915	$35,104	95.4

[fol. 6406]

Bank of Old York Road (Willow Grove) (Chartered 3/31/52) (a)		-0-	$ 13,925	$ 13,925	
Bridgeport National Bank		$ 6,559	9,040	2,481	37.8
Bryn Mawr Trust Company		18,480			
Bryn Mawr National Bank (The)	12/31/54	7,251			
Total		25,731	37,100	11,369	44.2
Cheltenham National Bank		9,067	19,851	10,784	118.9
Elkins Park National Bank		2,754	3,592	838	30.4
Harleysville National Bank & Trust Company (Formerly Harleysville National Bank)		4,116	5,442	1,326	32.2
Jenkintown Bank & Trust Company		21,469	25,955	4,486	20.9
Montgomery County Bank & Trust Company (Norristown)					
Montgomery Norristown Bank & Trust Company	5/17/57				
Norristown-Penn Trust Company	10/30/53	22,946			
Montgomery Trust Company (Norristown)	10/30/53	15,295			
North Wales National Bank (The)	3/15/52	4,500			
Penn Valley National Bank of Hatfield (Formerly The Hatfield National Bank & Trust Co.)	5/17/57	4,551			
National Bank of Pottstown (The)	10/17/58	10,860			
National Iron Bank of Pottstown (The)	2/29/52	8,000			
Total		66,152	90,677	24,525	37.1
National Bank of Royersford		3,666	1,705	1,039	28.4
National Bank & Trust Company of Schwenksville (The)		4,062	4,390	328	8.1
Peoples National Bank & Trust Company of Norristown		8,817			
Farmers National Bank of Pennsburg	7/29/60	3,263			
Total		12,110	24,626	12,516	103.4
Peoples National Bank of Souderton		2,180	4,315	2,135	97.9
Security Trust Company of Pottstown		11,639	15,751	4,112	35.3

(a) Base date 12/31/52: Percentage Increase 1,116.0%.

[fol. 6407]

Montgomery County—Pennsylvania	Date Acquired	12-31-51	12-31-60	Increase Amount	Increase Percent
Union National Bank & Trust Company (Souderton)		$ 6,726			
Telford National Bank (The)	12/31/54	2,839			
First National Bank of Green Lane (The)	6/29/56	1,357			
Total		10,922	$ 12,962	$ 2,040	18.7
Total Montgomery County		$180,427	$272,331	$ 91,904	50.9
Burlington County—New Jersey					
Bank of Levittown (The) (Chartered 11/5/59) (b)		-0-	$ 4,319	$ 4,319	
Bordentown Banking Company		$ 5,552	8,640	3,088	55.6
Burlington Bank & Trust Company (Formerly Burlington City Loan and Trust Company)		4,[illegible]	8,408	4,180	98.8
Burlington County National Bank of Medford (The)		2,948	8,258	5,310	180.2
Burlington County Trust Company (Moorestown)		10,887	24,024	13,137	120.7
Cinnaminson Bank & Trust Company (Riverton)		5,575	10,126	4,551	81.6
Farmers Trust Company (The) (Mt. Holly)		3,267	5,413	2,146	65.7
First National Bank & Trust Company of Beverly		3,288	4,774	1,487	45.2
First National Bank of Bordentown		3,263	4,964	1,701	52.1
First National Bank of Marlton		1,575	4,655	3,080	195.6
First National Bank of Riverside		6,078	7,148	1,070	17.6
First National Bank & Trust Company of Roebling		3,711	5,027	1,316	35.4
First National Bank of Vincentown (The)		1,375	2,568	1,193	86.8
Mechanics National Bank of Burlington		6,878			
First National Bank of Florence (The)	3/ 4/60	1,736			
Total		8,614	17,354	8,740	101.5

(b) Base date 12/31/59: Percentage Increase 117.1%.

[fol. 6408]

Peoples National Bank & Trust Company of Pemberton (The)		$ 4,339	$ 8,404	$ 4,065	93.7
Riverside Trust Company		4,638	7,246	2,608	56.2
Union National Bank & Trust Company at Mt. Holly		10,049	15,045	4,996	49.7
Total Burlington County		$ 79,387	$146,373	$ 66,987	84.4
Camden County—New Jersey					
Atco National Bank (The)		$ 2,958	$ 5,112	$ 2,154	72.8
Audubon National Bank		5,719	10,856	5,137	89.8
Camden Trust Company		100,869			
Citizens National Bank of Collingswood (The)	9/ 8/52	8,512			
Oaklyn National Bank	8/15/55	5,134			
Total		114,515	170,653	56,138	49.0
First Camden National Bank & Trust Company		70,294			
Pennsauken National Bank	6/30/55	4,348			
Berlin National Bank	9/23/55	4,430			
Total		79,072	124,660	45,588	57.7
First National Bank of Collingswood (West Collingswood)		4,712	7,929	3,217	68.3
Haddonfield National Bank		8,974	23,136	14,162	157.8
Merchantville National Bank & Trust Company		6,880	13,161	6,281	91.3
Peoples National Bank of Laurel Springs					
Laurel Springs National Bank (The)	12/28/56	1,956			
National Bank of Clementon	12/28/56	2,305			
Total		4,261	11,181	6,920	162.4
Third National Bank & Trust Company of Camden (The)		5,134	8,307	3,173	61.8
Total Camden County		$232,225	$374,995	$142,770	61.5

[fol. 6409]

Gloucester County—New Jersey	Date Acquired	12-31-51	12-31-60	Increase Amount	Increase Percent
Clayton National Bank (The)		$ 2,643	$ 5,261	$ 2,618	99.1
Farmers & Mechanics National Bank (Woodbury)		8,695	12,020	3,325	38.2
Farmers National Bank of Mullica Hill (The)		1,797	2,134	337	18.8
First National Bank of Glassboro (The)		4,615	7,333	2,718	58.9
First National Bank of Newfield (The)		1,912	2,972	1,060	55.5
First National Bank & Trust Company of Paulsboro		6,995	10,616	3,621	51.8
First National Bank of Westville (The)		5,117	9,281	4,164	81.4
First County National Bank & Trust Company					
First National Bank & Trust Company of Woodbury	11/10/60	8,700			
Woodbury Trust Company	11/10/60	2,786			
Total		11,486	18,546	7,060	61.5
First National Bank of Williamstown (The)		2,743	4,544	1,801	65.6
National Bank of Mantua		2,111	8,081	5,970	282.8
Pitman National Bank & Trust Company		5,335	8,733	3,398	63.7
Pitman Title and Trust Company		2,835	4,287	1,452	51.2
Swedesboro Trust Company		5,009	5,068	59	1.2
Total Gloucester County		$ 61,293	$ 98,876	$ 37,583	61.3
Mercer County—New Jersey					
Broad Street National Bank of Trenton		$ 33,420	$ 42,587	$ 9,167	27.4
First National Bank of Hamilton Square		4,510	9,661	5,151	114.2
First National Bank of Hightstown		6,748	10,447	3,699	54.8
First National Bank of Princeton		18,472	36,437	17,965	97.2

[fol. 6410]

First Trenton National Bank					
First Mechanics National Bank of Trenton	8/29/58	$ 91,860			
Trenton Banking Company	8/29/58	38,370			
First National Bank of Pennington	6/ 1/56	4,990			
Total		135,220	$166,888	$ 31,668	23.4
Hightstown Trust Company		4,034	7,535	3,501	86.8
Princeton Bank & Trust Company		14,823			
Hopewell National Bank	6/29/56	3,448			
Total		18,271	34,516	16,245	88.9
Security National Bank of Trenton		9,739	18,440	8,701	89.3
Trenton Trust Company		57,266			
Prospect National Bank of Trenton	8/29/58	7,595			
Total		64,861	98,635	33,774	52.1
Yardville National Bank		2,618	6,090	3,472	132.6
Total Mercer County		$297,893	$431,226	$133,333	44.8
New Castle County—Delaware					
Bank of Delaware (Wilmington)					
(Formerly Equitable Security Trust Company)					
Equitable Trust Company	11/ 1/52	$ 47,431			
Security Trust Company	11/ 1/52	46,876			
First National Bank of Dover (The)	2/26/54	3,905			
New Castle County National Bank of Odessa (The)	2/10/56	1,447			
National Bank of Smyrna (The)	5/ 6/57	2,557			
First National Bank of Seaford (The)	1/30/59	5,330			
Total		107,546	$149,095	$ 41,550	38.6
Colonial Trust Company (Wilmington)		2,917	5,729	2,812	96.4
Commercial Trust Company (Wilmington)		2,958	3,240	282	9.5
Delaware Trust Company (Wilmington)		37,949	73,163	35,214	92.8

[fol. 6411]

	Date Acquired	12-31-51	12-31-60	Increase Amount	Increase Percent
Peoples Bank & Trust Company (Wilmington) (Chartered 12/19/52) (c)		-0-	$ 8,438	$ 8,438	
Townsend Trust Company		$ 312	446	134	42.7
Wilmington Trust Company		231,548			
Farmers Trust Company of Newark	5/23/52	6,579			
Industrial Trust Company (Wilmington)	2/ 3/55	11,544			
New Castle Trust Company (The)	3/10/55	3,340			
Delaware City National Bank (The)	4/28/55	837			
First National Bank & Trust Company of Milford (The)	1/30/59	5,823			
Seaford Trust Company	2/27/59	2,666			
Georgetown Trust Company	4/10/59	1,759			
Total		264,096	335,235	71,139	26.9
Farmers Bank of the State of Delaware (a)		65,094			
Rehoboth Beach Trust Company	12/31/55	1,744			
Newark Trust Company	10/ 1/56	5,945			
First National Bank of Dagsboro	6/ 1/59	3,782			
Lewes Trust Company	7/20/59	2,635			
Peoples National Bank of Laurel	8/17/59	2,015			
Total		81,215	101,708	20,493	25.2
Total New Castle County		$496,993	$677,054	$180,062	36.2

(a) Deposits of Farmers Bank of State of Delaware included.
Head Office in Kent County, Branches in New Castle County 1951, 4—1960, 7.
(c) Base date 12/31/52: Percentage Increase 459.7%.

[fol. 6412]

Summary by County

County	12-31-51	12-31-60	Increase Amount	Increase Percent
Philadelphia, Pennsylvania	$3,865,837	$4,712,918	$ 847,081	21.9
Bucks, Pennsylvania	61,727	93,856	32,129	52.1
Chester, Pennsylvania	126,042	174,584	48,543	38.5
Delaware, Pennsylvania	36,811	71,915	35,104	95.4
Montgomery, Pennsylvania	180,427	272,331	91,904	50.9
Burlington, New Jersey	79,387	146,373	66,987	84.4
Camden, New Jersey	232,225	374,995	142,770	61.5
Gloucester, New Jersey	61,293	98,876	37,583	61.3
Mercer, New Jersey	297,893	431,226	133,333	44.8
New Castle, Delaware	496,993	677,054	180,062	36.2
Grand Total	$5,438,635	$7,054,129	$1,615,496	29.7

Note: Figures may not add to exact totals due to rounding.

Sources: Polk's Bank Directories, 113th Edition dated March 1952 and 133rd Edition dated March 1961 and information secured from the Federal Reserve Bank of Philadelphia.
6/7/61 Comptroller's Department

[fol. 6413] DEFENDANTS' EXHIBIT 19

Loans, Deposits and Loan-Deposit Ratios, Before and After Merger, for Offices Acquired by the Philadelphia National Bank, 1950-1960

The following graphs represent the ratios of loans to deposits in all offices acquired by The Philadelphia National Bank by merger during the period from December 31, 1950, to December 31, 1960. The upper graph on each page represents loans and deposits in absolute amounts, while the lower graph depicts loans as a percentage of deposits.

In the case of the Chester offices of PNB, the figures include loans and deposits for several branches in the Chester area which were established after the merger but which are administered by the Chester office.

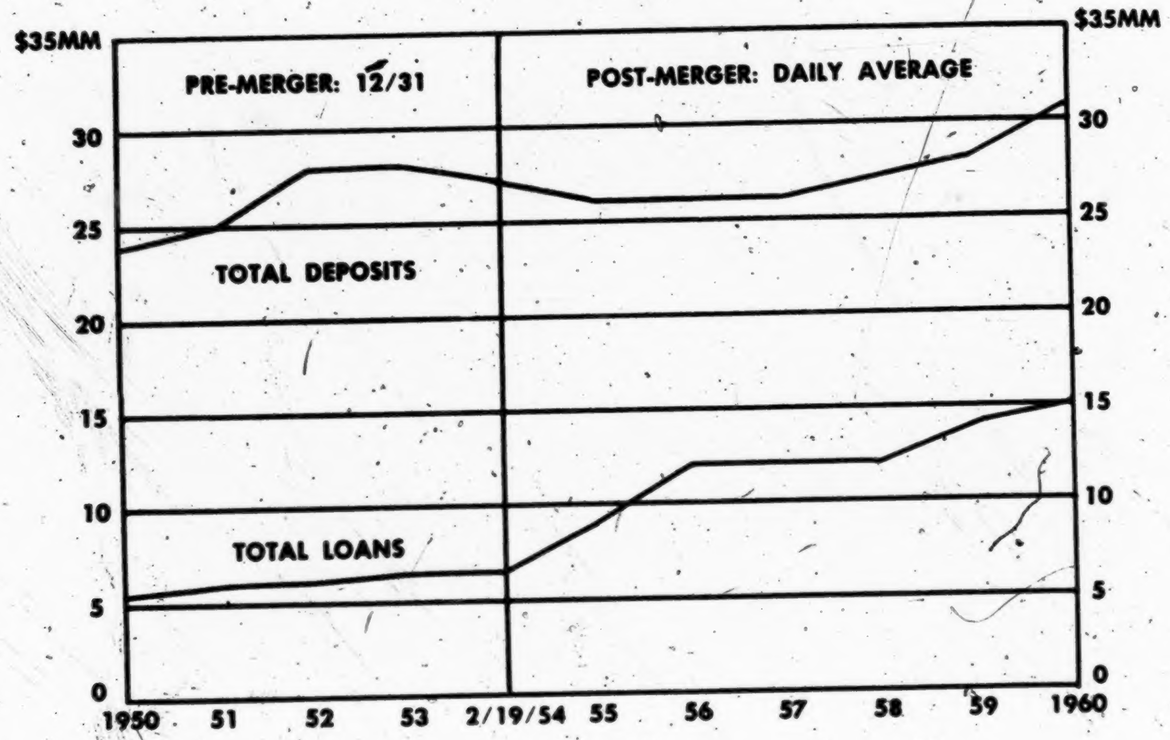
On each graph, the heavy vertical line represents the merger date. Pre-merger figures are derived from year-end call reports and the final call reports of the merged banks; post-merger figures are yearly averages.

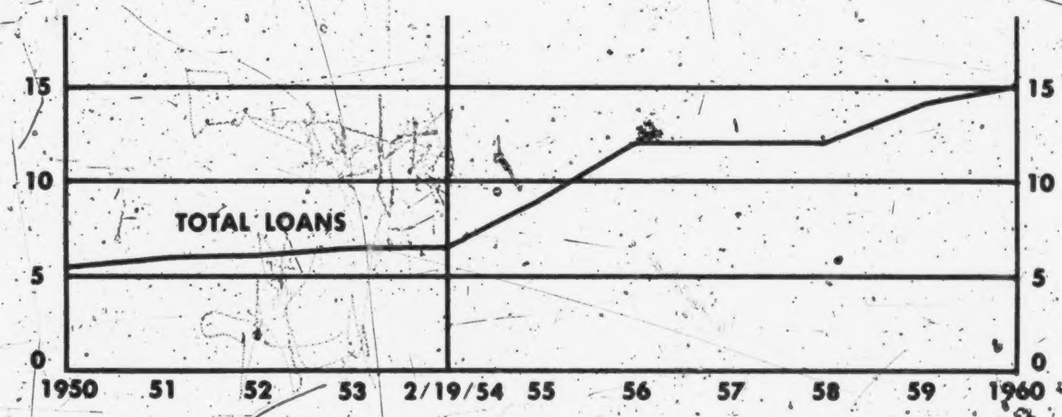
Source: PNB Records

[fol. 6414]

CHESTER AREA OFFICES

MERGED 2/20/54

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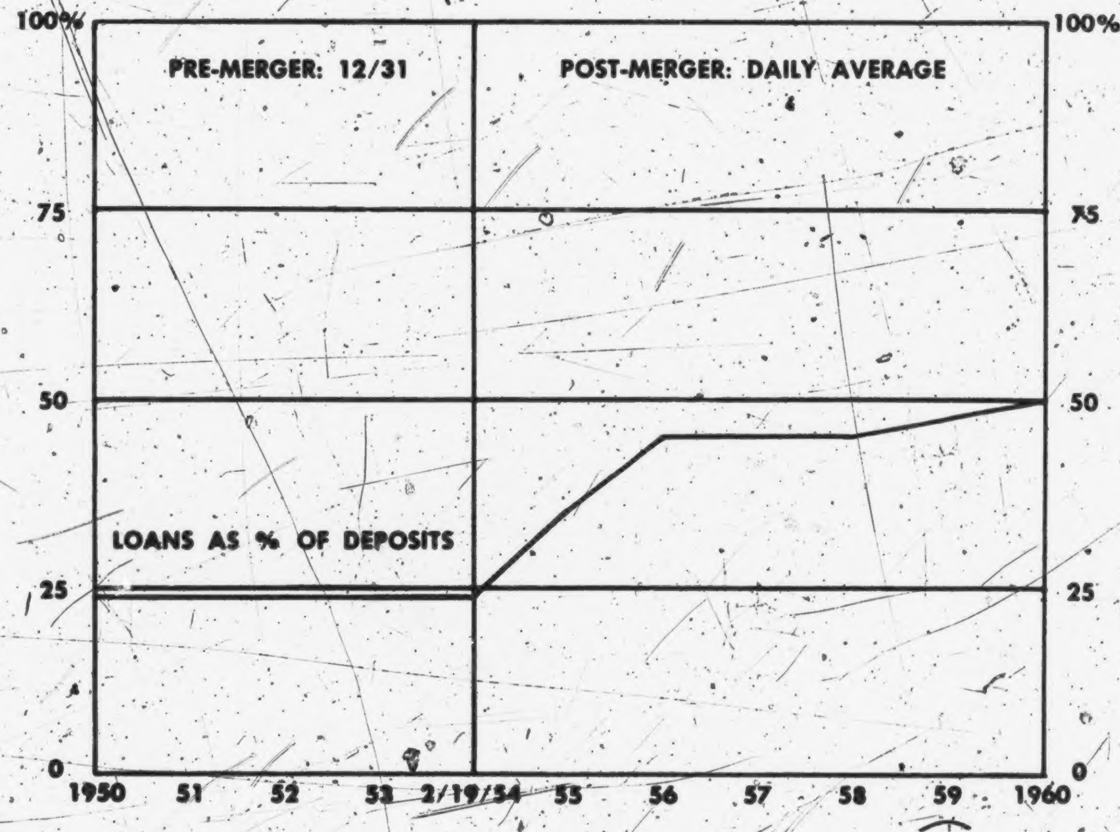
1950
51
52
53
2/19/54
55
56
57
58
59
1960


PRE-MERGER: 12/31
POST-MERGER: DAILY AVERAGE
LOANS AS % OF DEPOSITS
100%
75
50
25
0
1950
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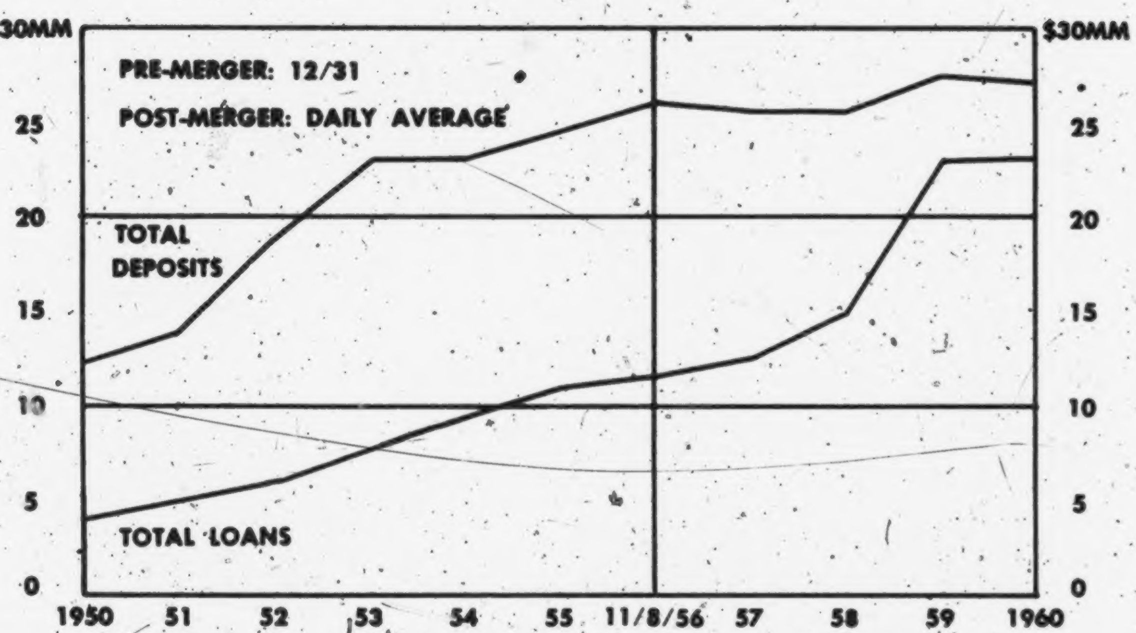
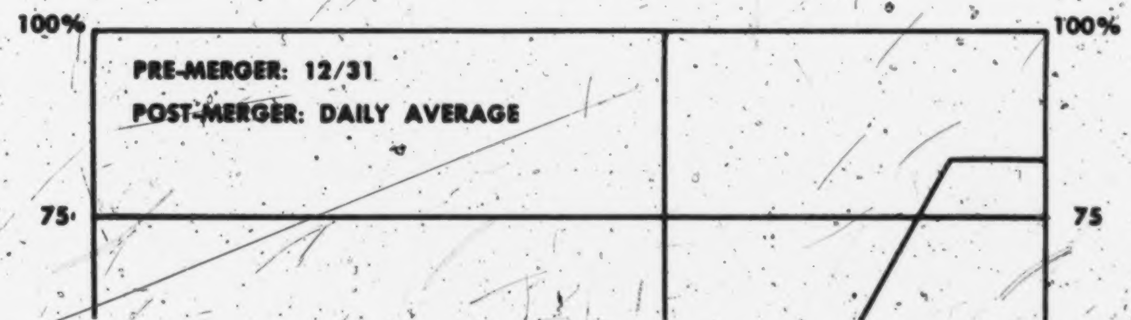
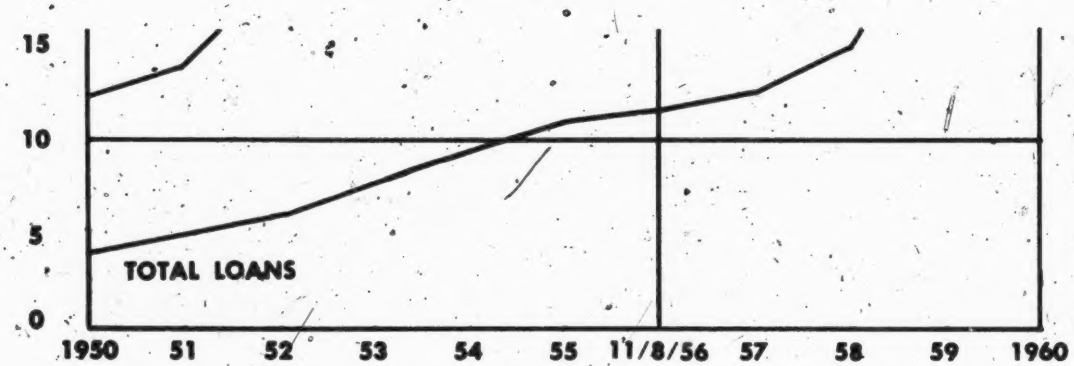
[fol. 6415]

BUCKS COUNTY OFFICES

MERGED 11/9/56






15
10
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TOTAL LOANS
1950
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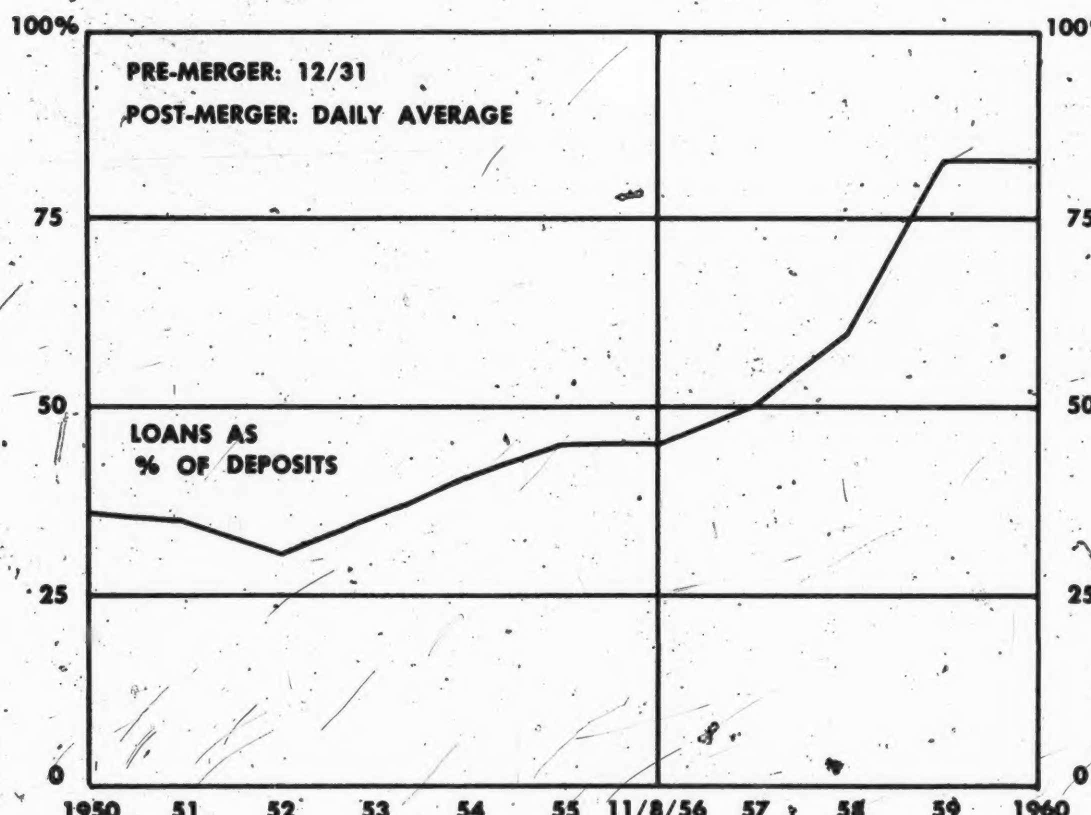
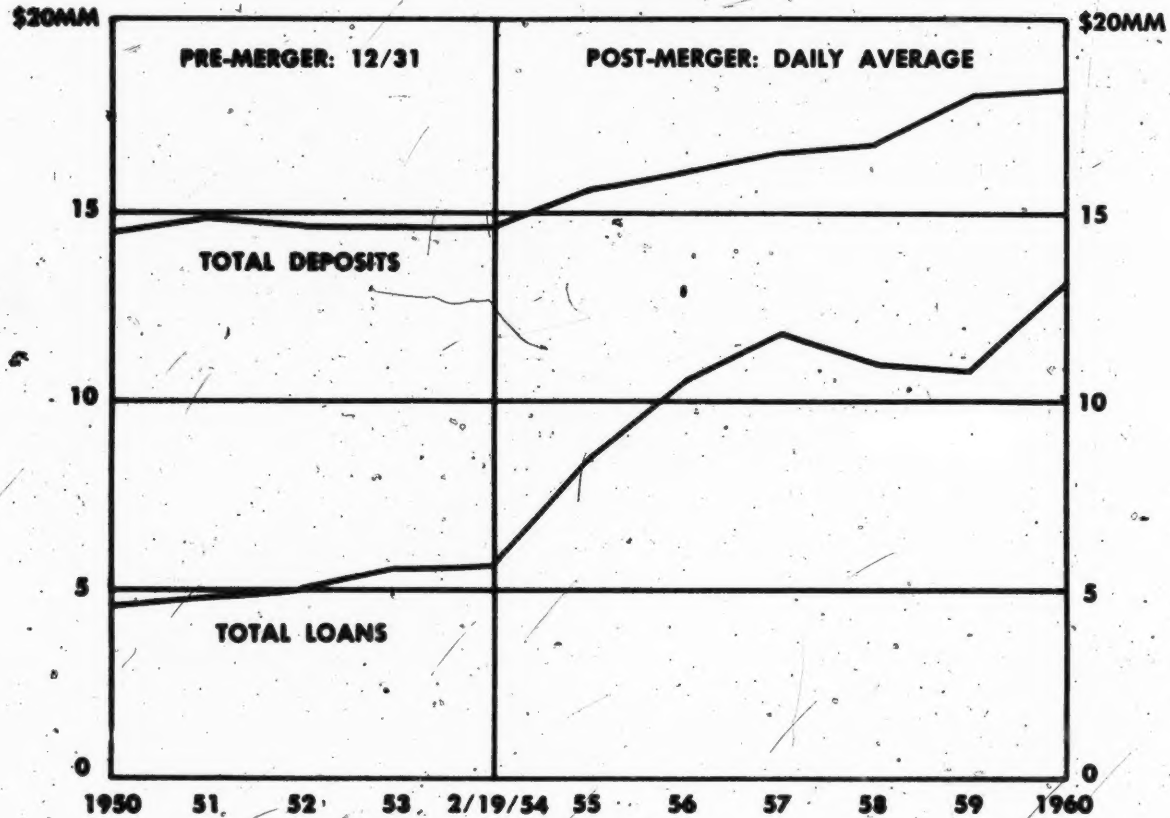
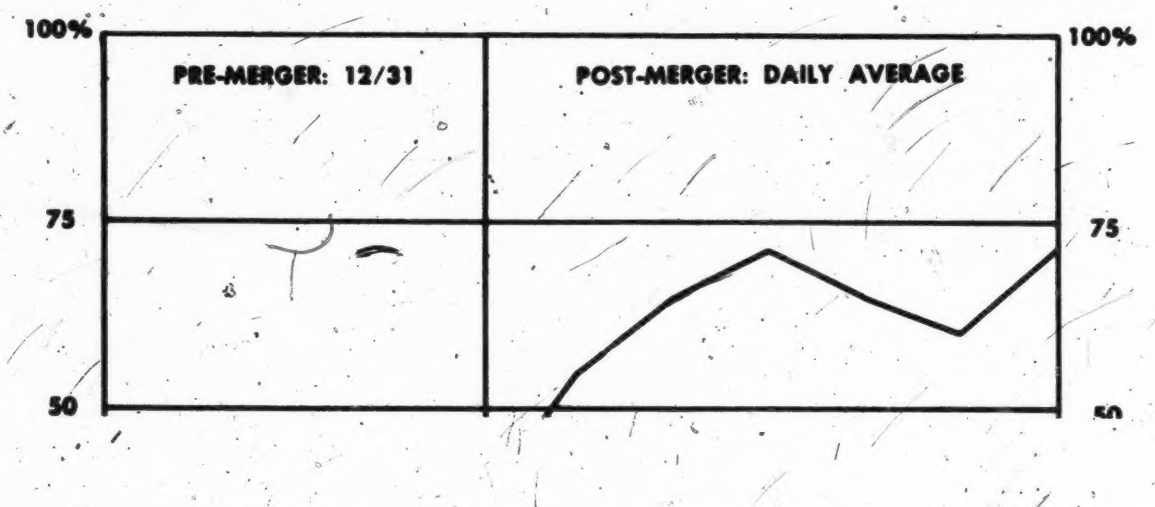
59
1960

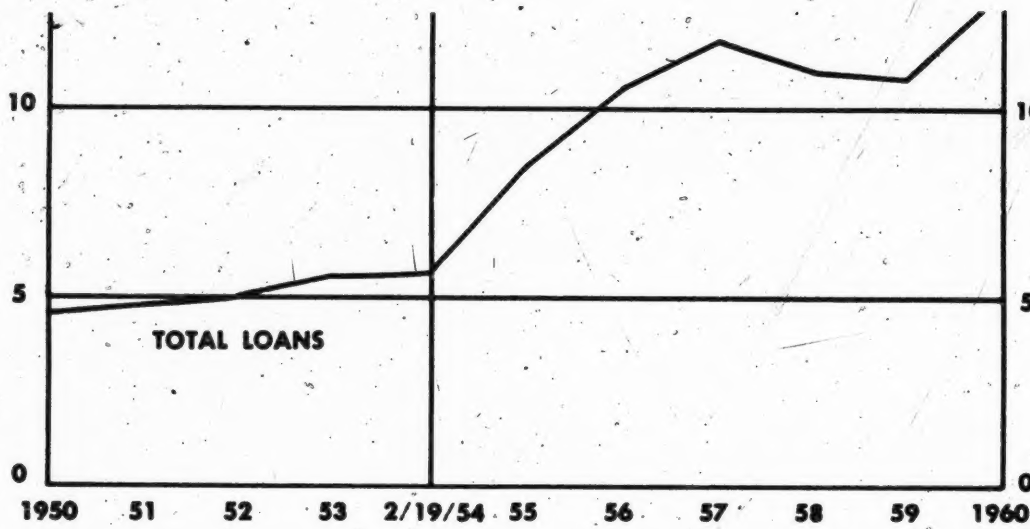

100%
75
50
25
0
PRE-MERGER: 12/31
POST-MERGER: DAILY AVERAGE
LOANS AS
% OF DEPOSITS
1950
51
52
53
54
55
11/8/56
57
58
59
1960

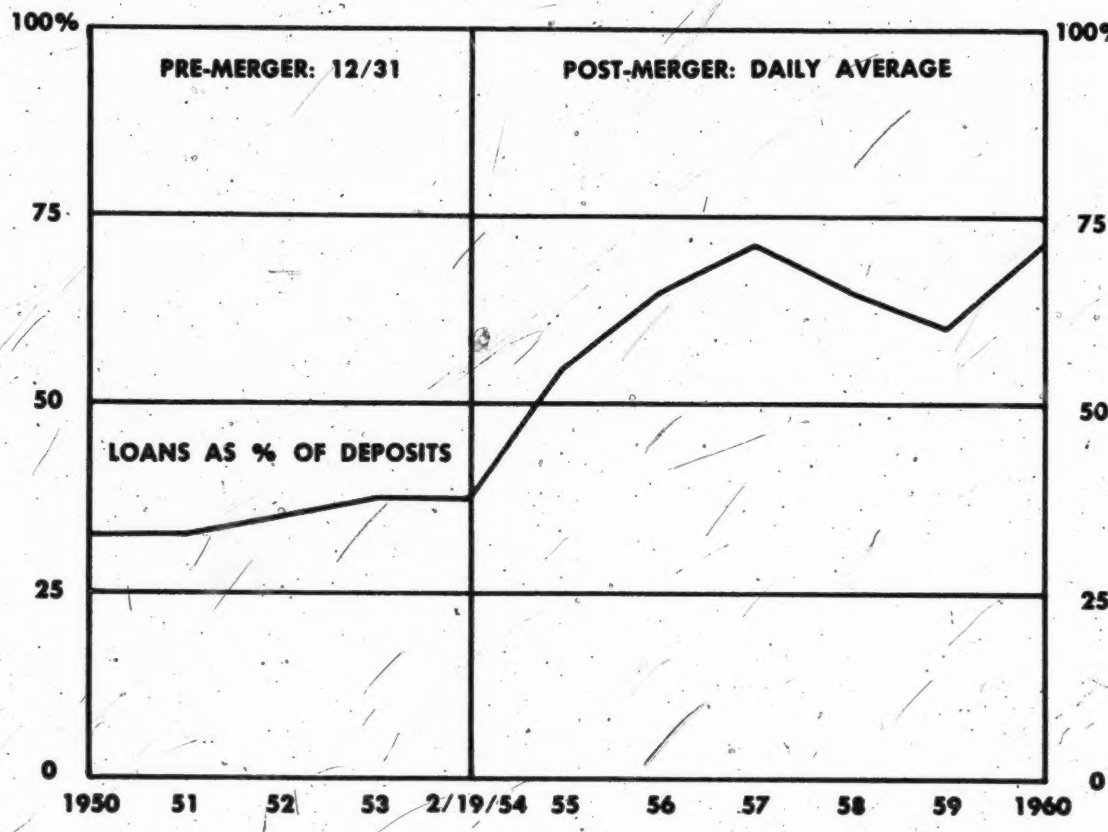
[fol. 6416]

LANSDALE OFFICE
MERGED 2/20/54






10
5
0
TOTAL LOANS
1950
51
52
53
2/19/54
55
56
57
58
59
1960

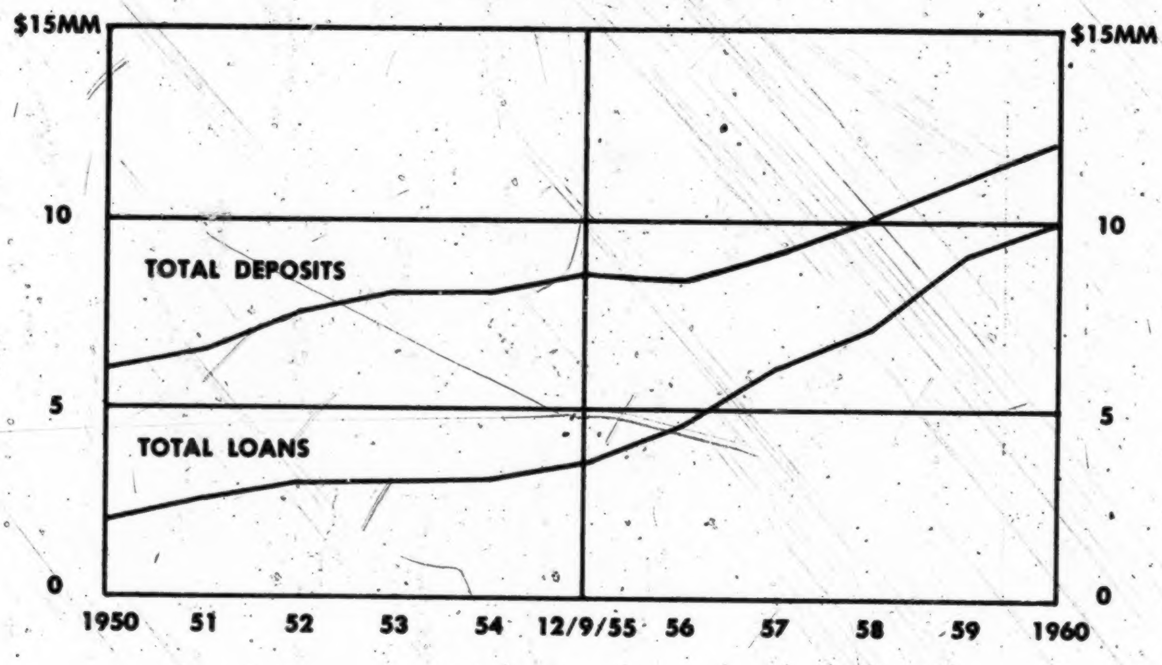

100%
75
50
25
0
PRE-MERGER: 12/31
POST-MERGER: DAILY AVERAGE
LOANS AS % OF DEPOSITS
1950
51
52
53
2/19/54
55
56
57
58
59
1960

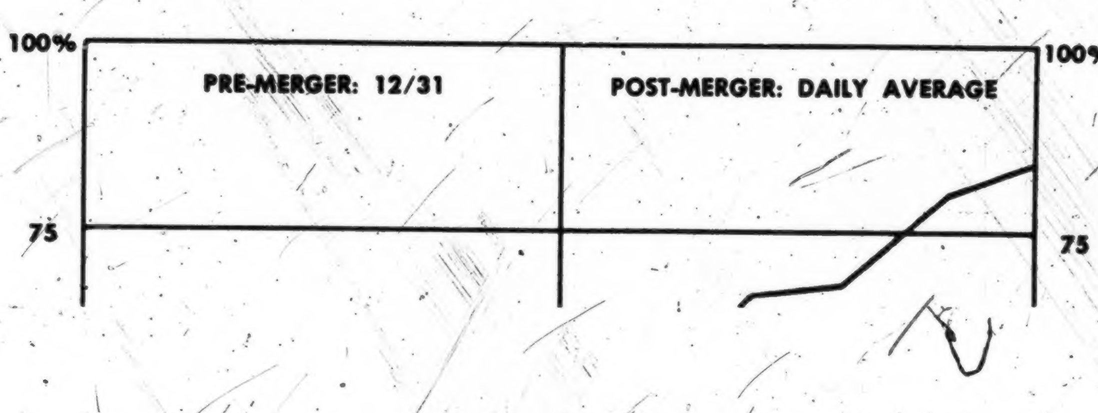
3087

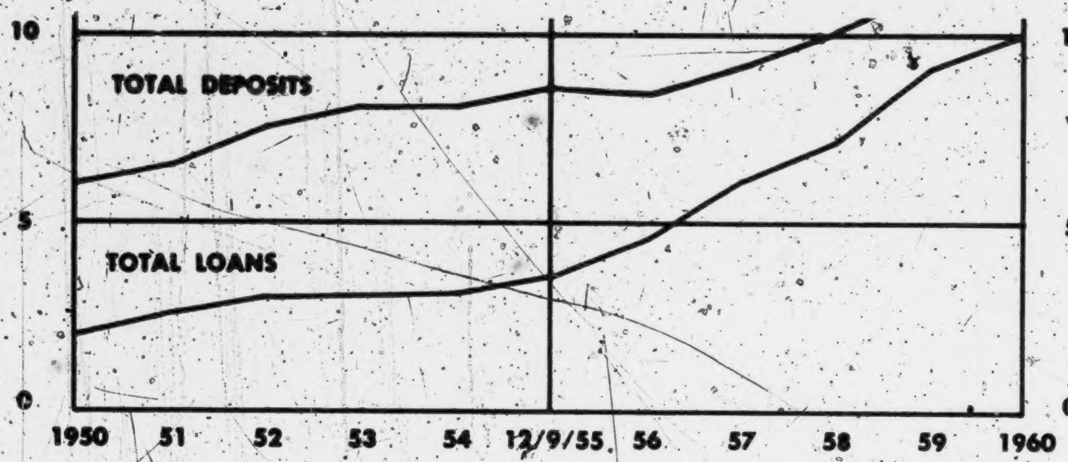
[fol. 6417]

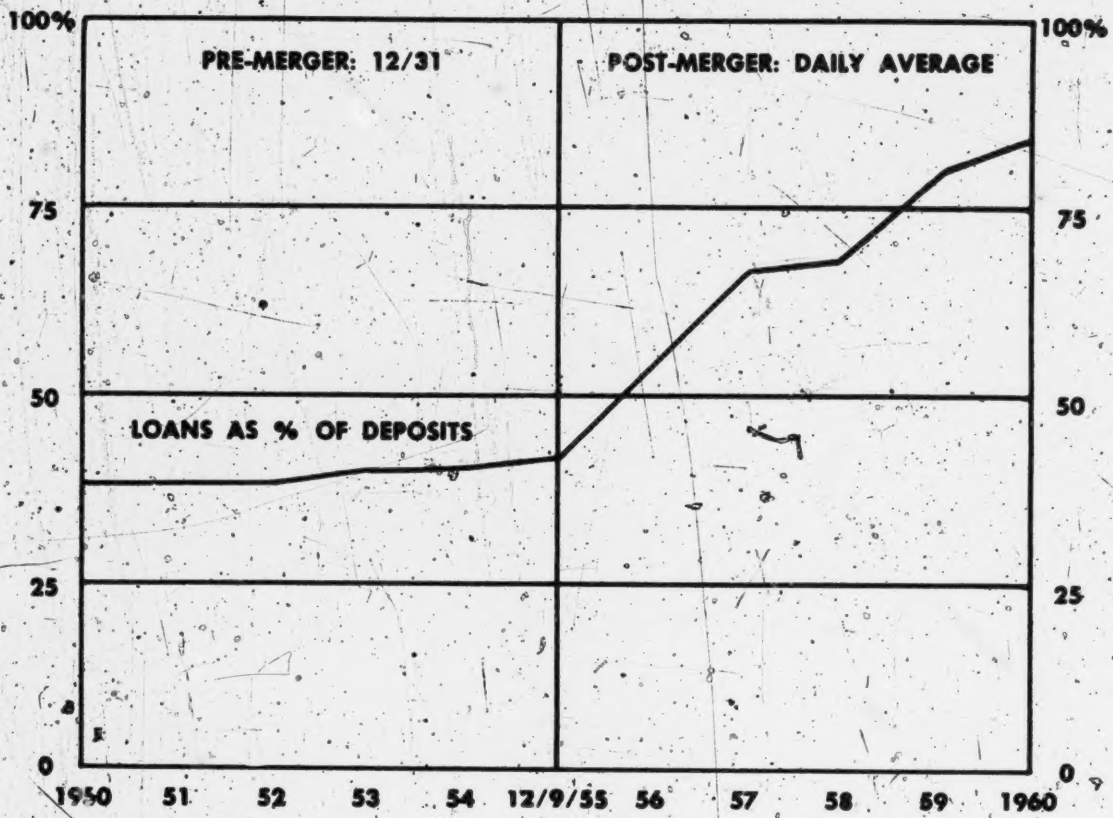
CITIZENS (POTTSTOWN) OFFICE

MERGED 12/9/55





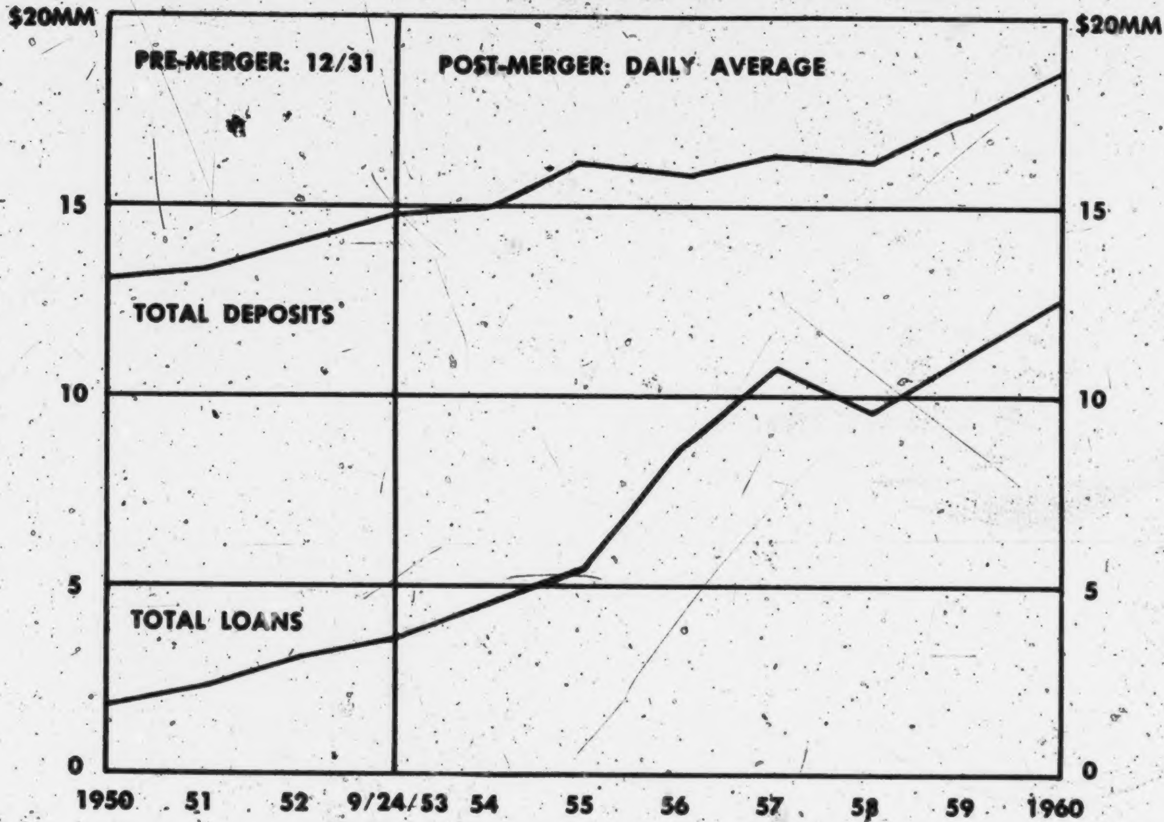

10
TOTAL DEPOSITS
5
TOTAL LOANS
0
1950
51
52
53
54
12/9/55
56
57
58
59
1960

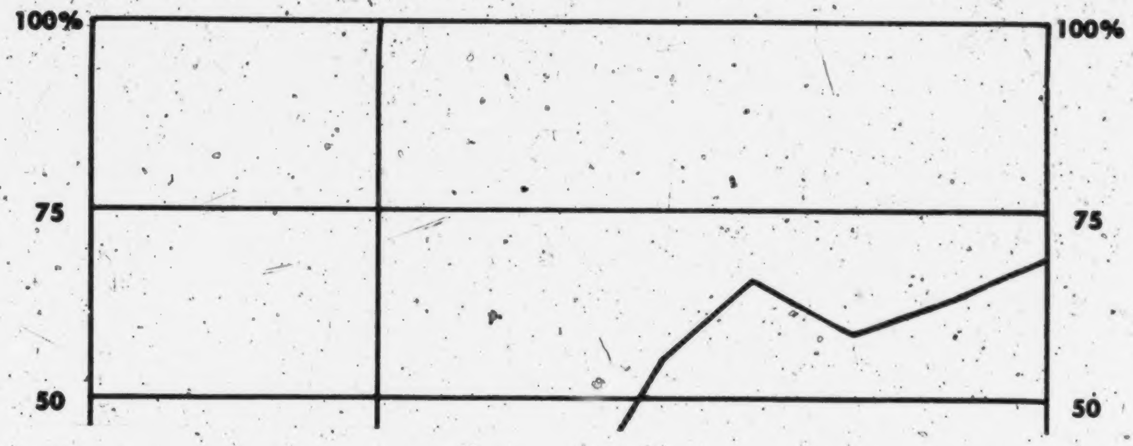

100%
PRE-MERGER: 12/31
POST-MERGER: DAILY AVERAGE
75
50
LOANS AS % OF DEPOSITS
25
0
1950
51
52
53
54
12/9/55
56
57
58
59
1960

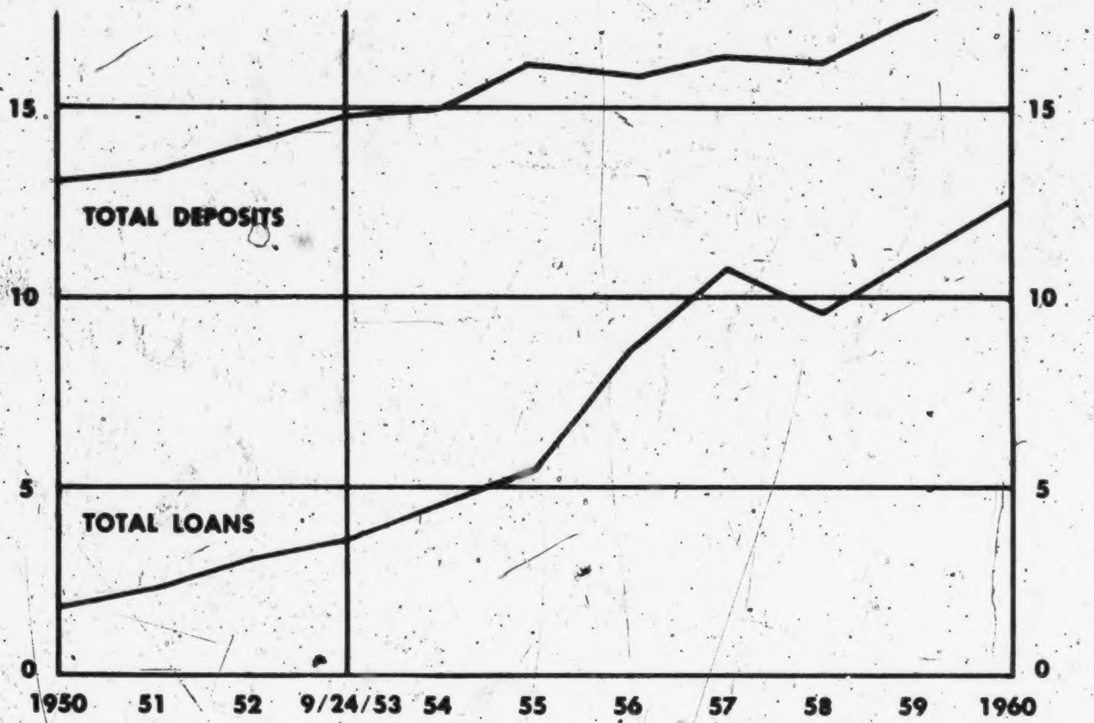
3088

[fol. 6418]

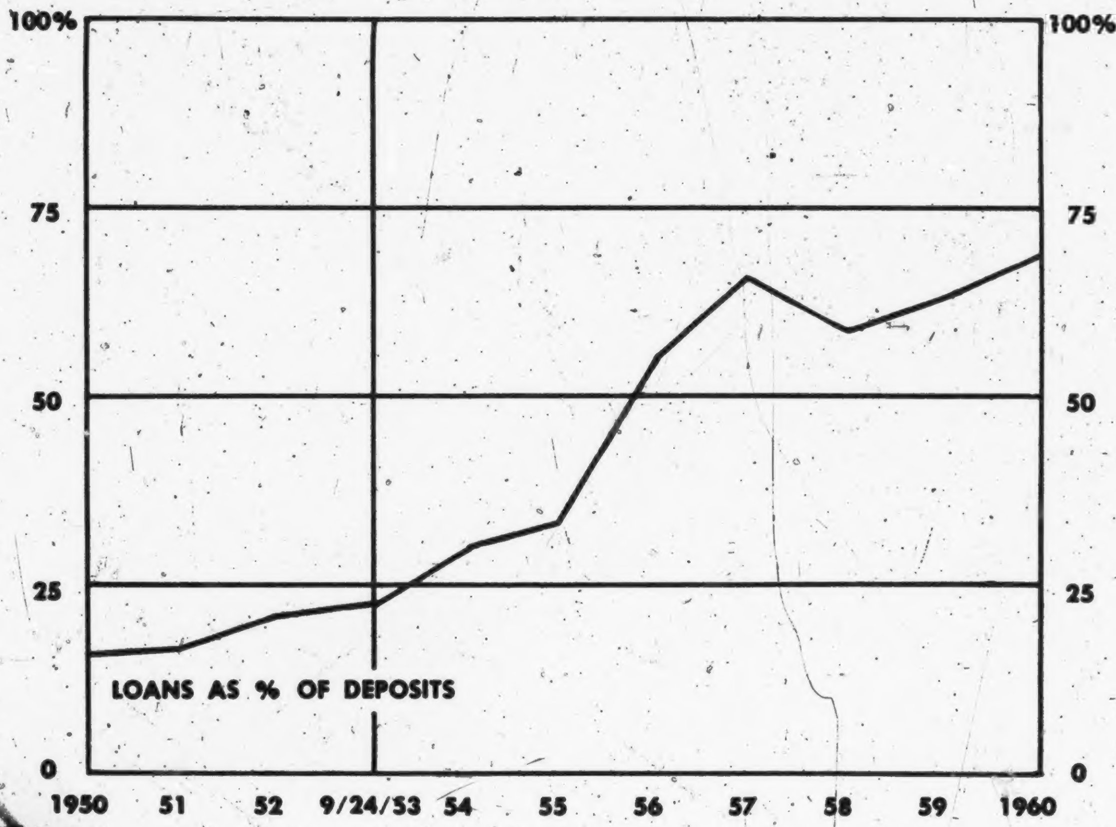
CONSHOHOCKEN OFFICE
MERGED 9/25/53







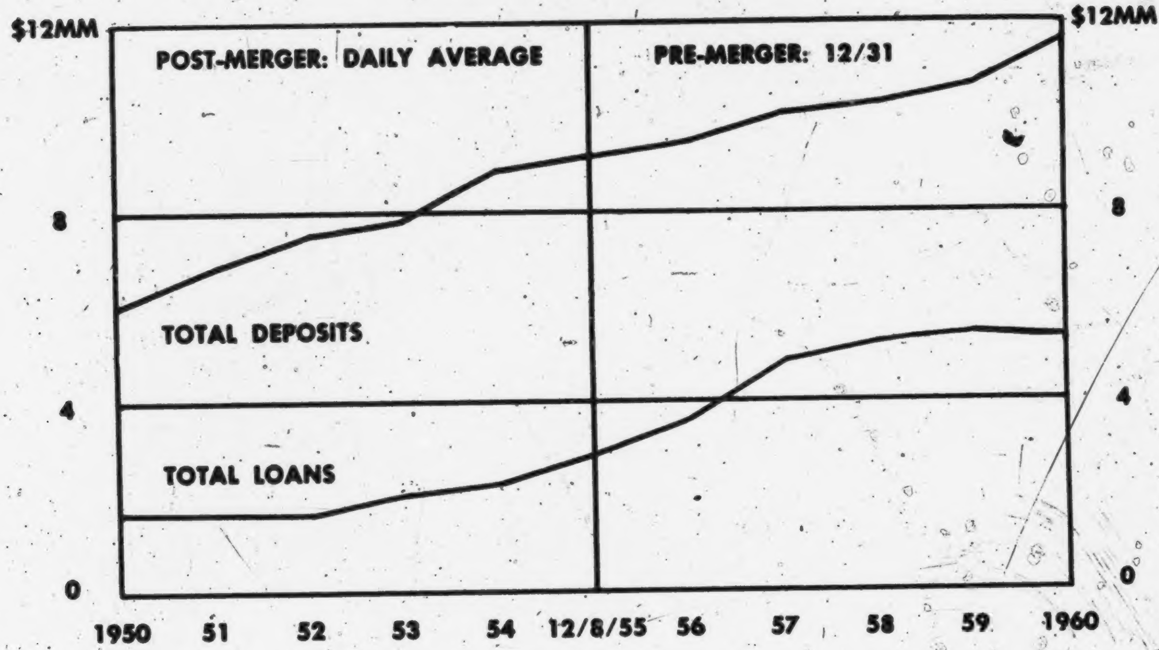
TOTAL DEPOSITS
TOTAL LOANS
15
10
5
0
1950
51
52
9/24/53
54
55
56
57
58
59
1960

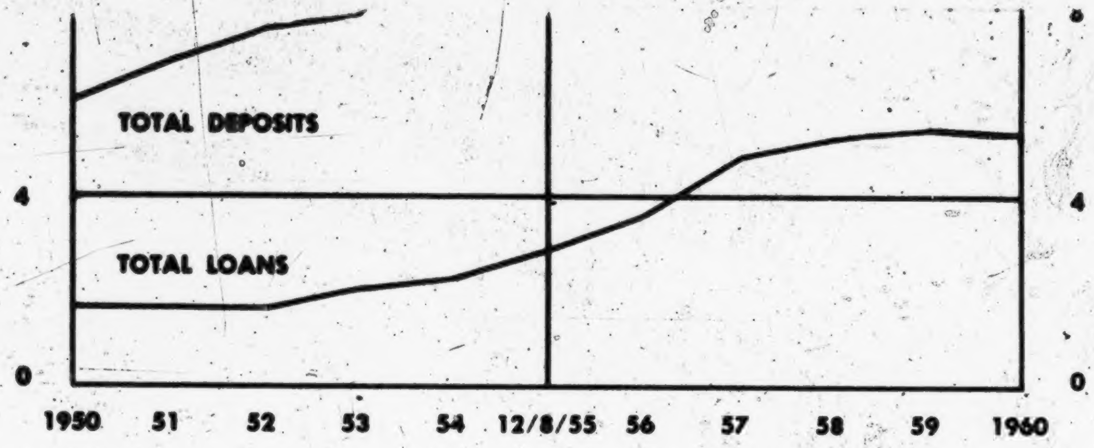


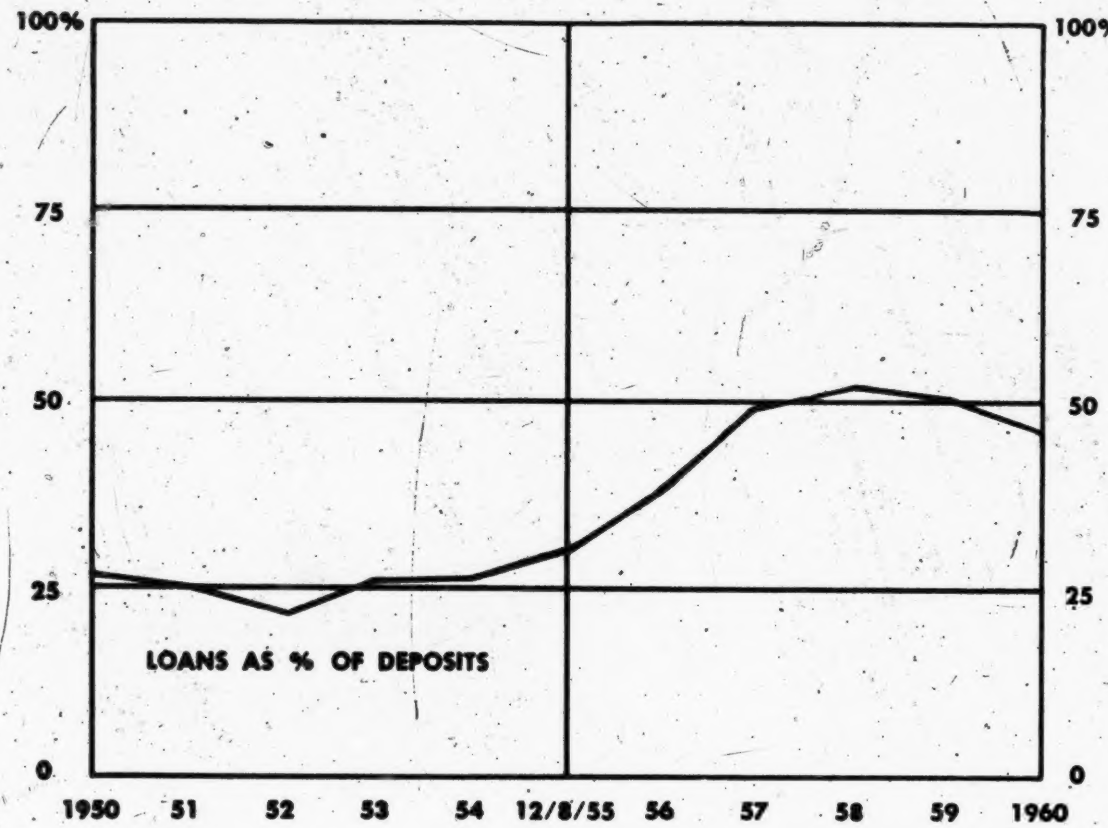
100%
75
50
25
0
LOANS AS % OF DEPOSITS
1950
51
52
9/24/53
54
55
56
57
58
59
1960

[fol. 6419]

HATBORO OFFICE
MERGED 12/9/55



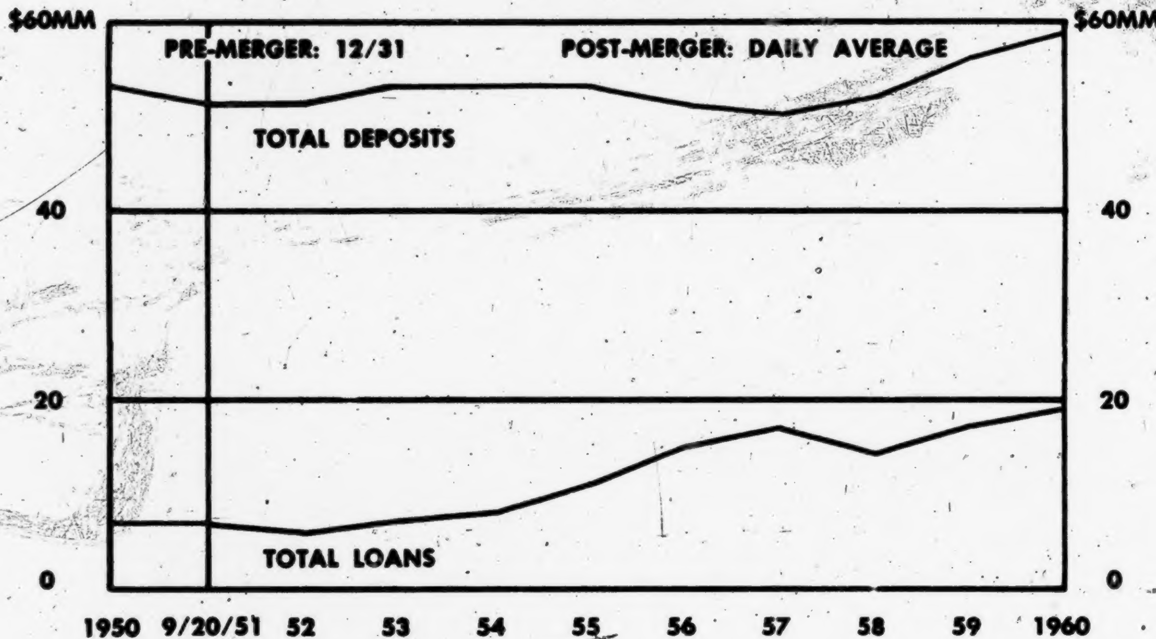

TOTAL DEPOSITS
TOTAL LOANS
4
0
4
0
1950
51
52
53
54
12/8/55
56
57
58
59
1960

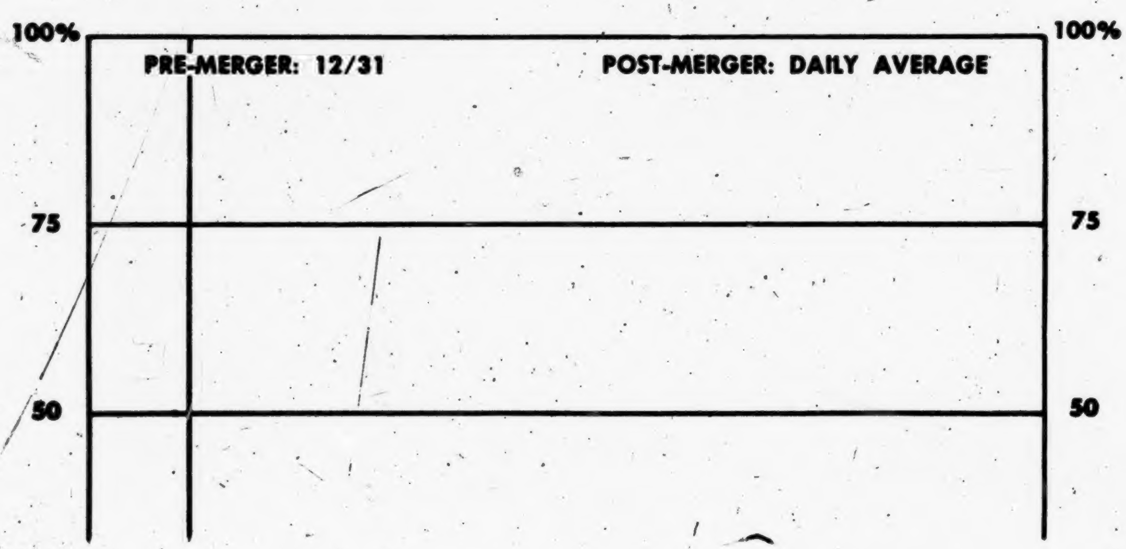

100%
75
50
25
0
100%
75
50
25
0
LOANS AS % OF DEPOSITS
1950
51
52
53
54
12/8/55
56
57
58
59
1960

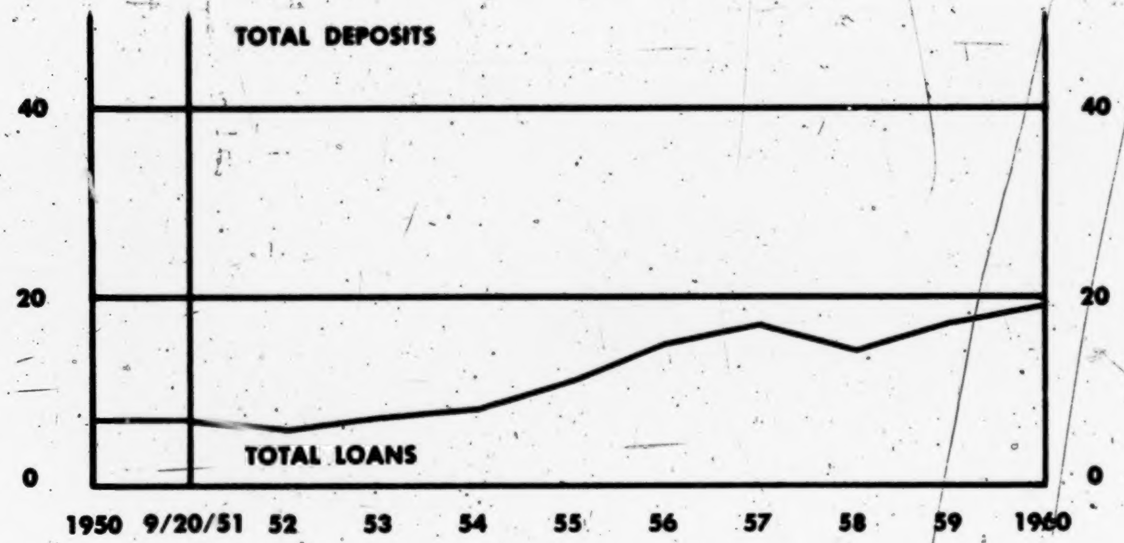
[fol. 6420]

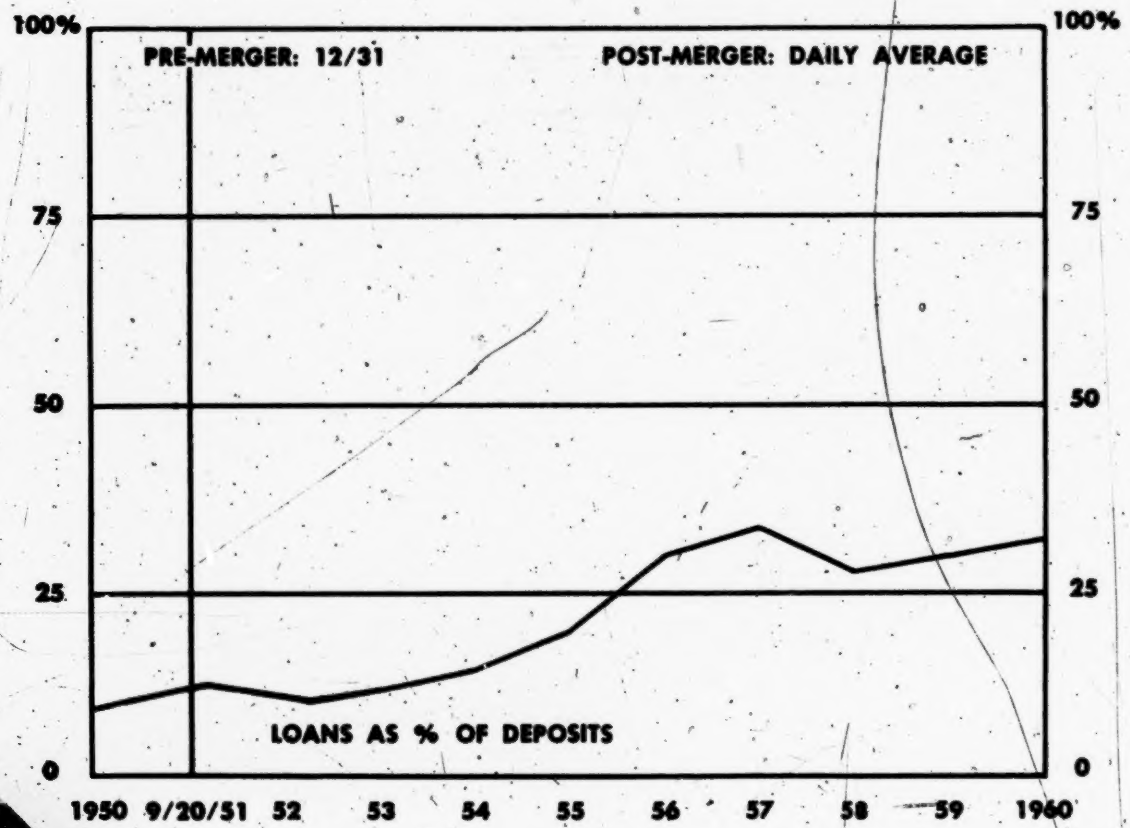
NORTHEAST PHILADELPHIA OFFICES

MERGED 9/21/51





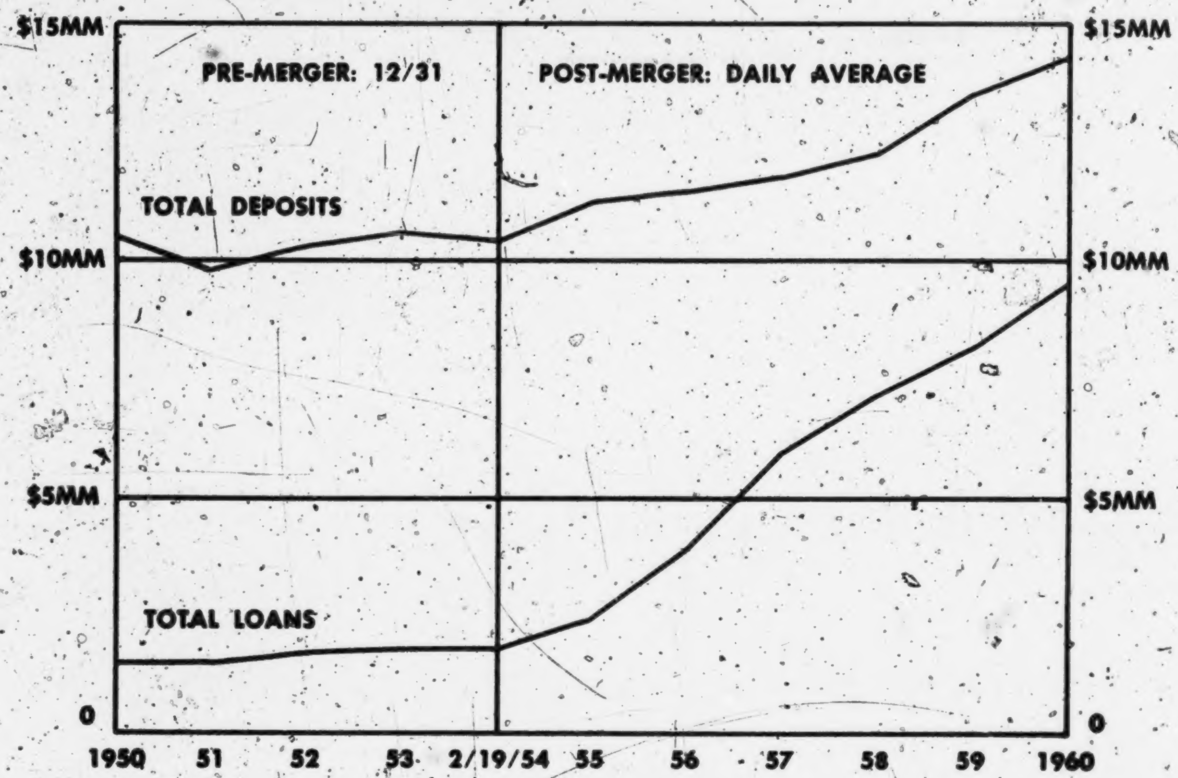

TOTAL DEPOSITS
TOTAL LOANS
40
20
0
1950
9/20/51
52
53
54
55
56
57
58
59
1960

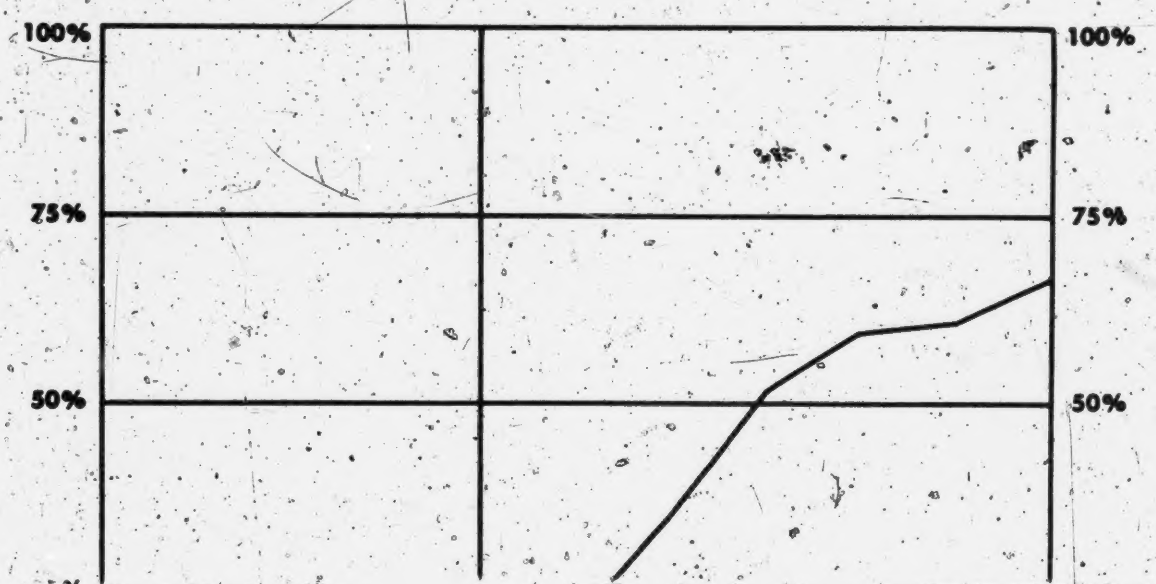

PRE-MERGER: 12/31
POST-MERGER: DAILY AVERAGE
LOANS AS % OF DEPOSITS
100%
75
50
25
0
1950
9/20/51
52
53
54
55
56
57
58
59
1960

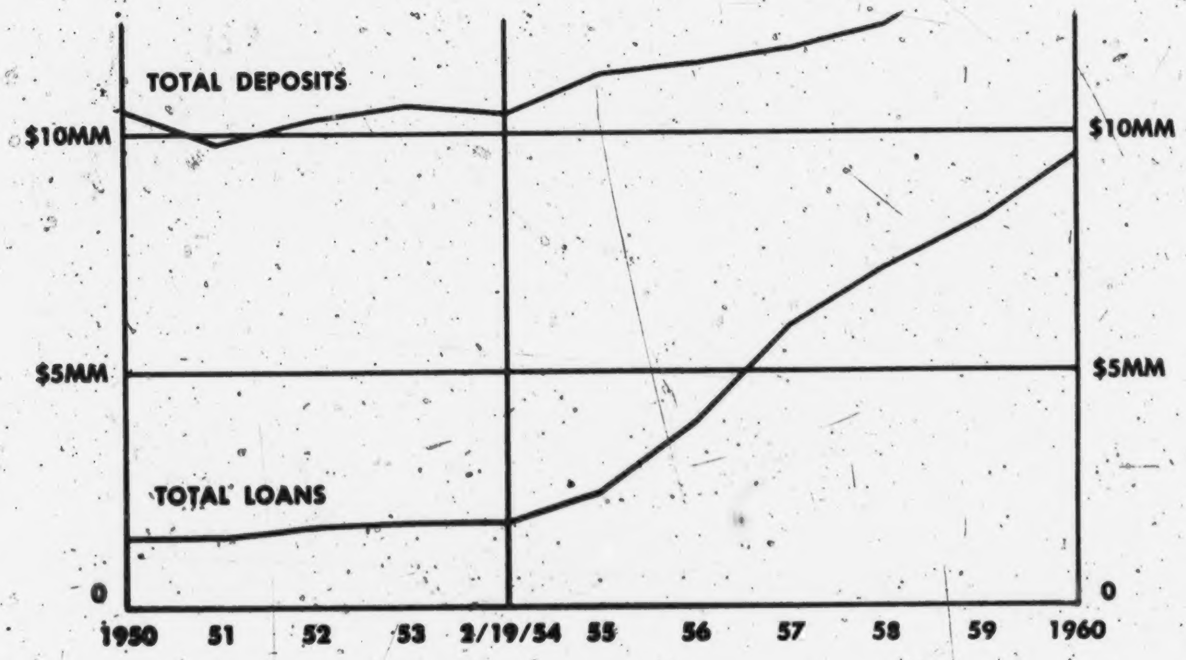
[fol. 6421]

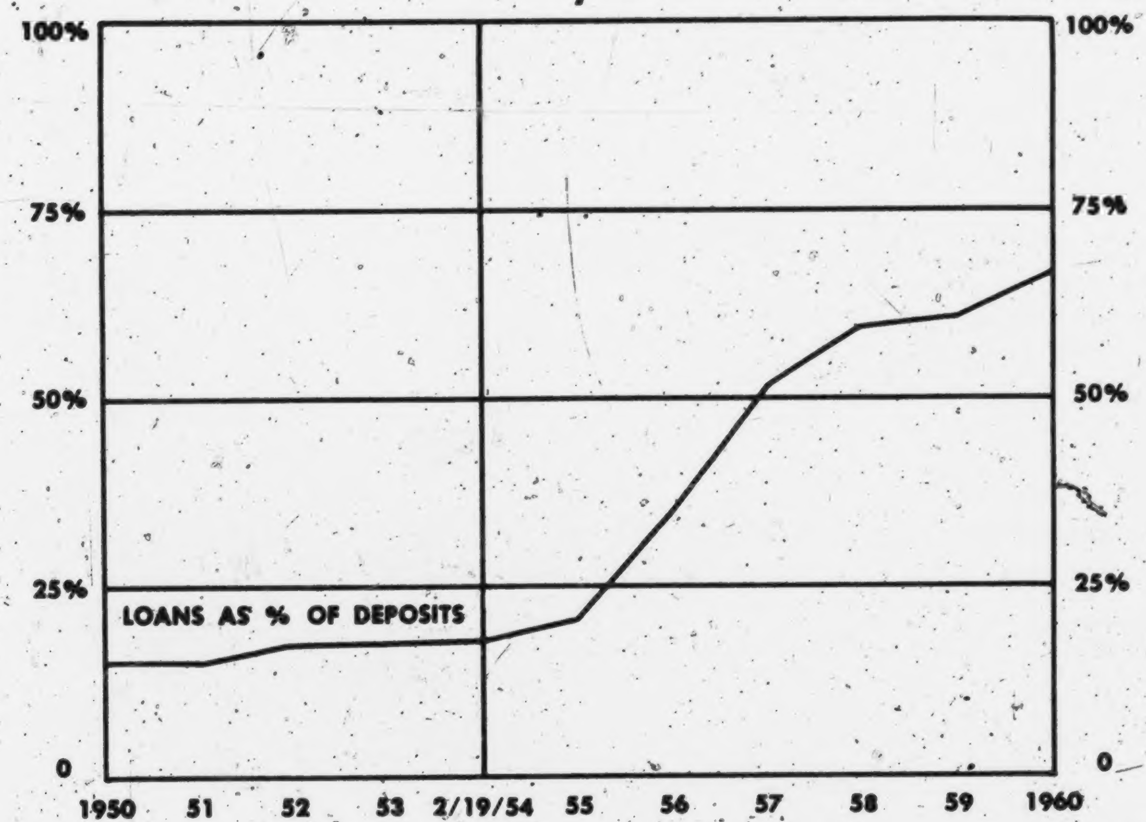
MONTGOMERY (NORRISTOWN) OFFICE

MERGED 5/20/54






TOTAL DEPOSITS
TOTAL LOANS
$10MM
$5MM
0
1950
51
52
53
2/19/54
55
56
57
58
59
1960


LOANS AS % OF DEPOSITS
100%
75%
50%
25%
0
1950
51
52
53
2/19/54
55
56
57
58
59
1960

3092

[fol. 6422]

Chester Area Offices

Merged 2/20/54

Date	Total Deposits	Gross Loans	Loans as % of Deposits
12/31/50 [1]	$23,778M	$ 5,657M	23.8%
12/31/51 [1]	25,372	6,078	24.0
12/31/52 [1]	27,531	6,348	23.0
12/31/53 [1]	28,163	6,494	23.0
2/20/54 [1]	26,978	6,662	24.6
Average 1955 [2]	26,063	9,302	35.7
1956 [2]	26,089	11,876	45.5
1957 [2]	26,354	11,981	45.5
1958 [2]	27,139	12,410	45.7
1959 [2]	28,365	13,812	48.7
1960 [2]	30,592	15,032	49.1
Amount Increase 1960 over 1950	$ 6,814M	$ 9,375M	25.3%
% Increase 1960 over 1950	28.7%	165.7%	

[1] Call Data
[2] Defendant's Records

[fol. 6423]

Bucks County Offices

Merged 11/9/56

Date	Total Deposits	Gross Loans	Loans as % of Deposits
12/31/50 [1]	$12,539M	$ 4,508M	36.0%
12/31/51 [1]	14,184	4,995	35.2
12/31/52 [1]	19,257	6,013	31.2
12/31/53 [1]	22,832	8,239	36.1
12/31/54 [1]	22,848	9,604	42.0
12/31/55 [1]	24,680	10,926	44.3
11/ 9/56 [1]	26,124	11,502	44.0
Average 1957 [2]	25,668	12,536	48.8
1958 [2]	25,656	14,997	58.5
1959 [2]	27,554	23,433	85.0
1960 [2]	27,360	23,312	85.2
Amount Increase 1960 over 1950	$14,821M	$18,804M	49.2%
% Increase 1960 over 1950	118.2%	417.1%	

[1] Call Data—adjusted for Southampton and Yardley mergers.
[2] Defendant's Records

[fol. 6424]

Lansdale Office

Merged 2/20/54

Date	Total Deposits	Gross Loans	Loans as % of Deposits
12/31/50 [1]	$14,216M	$ 4,642M	32.6%
12/31/51 [1]	14,732	4,805	32.6
12/31/52 [1]	14,492	5,177	35.7
12/31/53 [1]	14,553	5,526	38.0
12/19/54 [1]	14,472	5,627	38.9
Average 1955 [2]	15,558	8,472	54.4
1956 [2]	16,119	10,556	65.4
1957 [2]	16,400	11,879	72.4
1958 [2]	16,704	10,942	65.5
1959 [2]	18,053	10,718	59.4
1960 [2]	18,203	13,206	72.5
Amount Increase 1960 over 1950	$ 3,987M	$ 8,664M	39.9%
% Increase 1960 over 1950	28.1%	184.5%	

[1] Call Data
[2] Defendant's Records

[fol. 6425]

Citizens Pottstown Office

Merged 12/9/55

Date	Total Deposits	Gross Loans	Loans as % of Deposits
12/31/50 [1]	$ 5,823M	$ 2,206M	37.9%
12/31/51 [1]	6,702	2,588	38.6
12/31/52 [1]	7,454	2,823	37.9
12/31/53 [1]	7,980	3,199	40.1
12/31/54 [1]	8,142	3,172	39.0
12/ 9/55 [1]	8,478	3,633	42.8
Average 1956 [2]	8,358	4,447	53.2
1957 [2]	8,890	5,996	67.4
1958 [2]	10,290	7,008	68.1
1959 [2]	11,319	8,974	79.2
1960 [2]	12,035	10,038	83.4
Amount Increase 1960 over 1950	$ 6,212M	$ 7,832M	45.5%
% Increase 1960 over 1950	106.7%	355.0%	

[1] Call Data
[2] Defendant's Records

[fol. 6426]

Conshohocken Office

Merged 9/25/53

Date	Total Deposits	Gross Loans	Loans as % of Deposits
12/31/50 [1]	$13,168M	$ 1,721M	13.0%
12/31/51 [1]	13,365	2,205	16.5
12/31/52 [1]	14,094	3,013	21.3
9/25/53 [1]	14,890	3,408	22.8
Average 1954 [2]	15,031	4,434	29.5
1955 [2]	16,186	5,440	33.6
1956 [2]	15,806	8,699	55.0
1957 [2]	16,368	10,769	65.8
1958 [2]	16,239	9,515	58.6
1959 [2]	17,363	10,921	62.8
1960 [2]	18,468	12,535	67.9
Amount Increase 1960 over 1950	$ 5,300M	$10,814M	54.9%
% Increase 1960 over 1950	40.2%	628.4%	

[1] Call Data
[2] Defendants Records

[fol. 6427]

Hatboro Office

Merged 12/9/55

Date	Total Deposits	Gross Loans	Loans as % of Deposits
12/31/50 [1]	$ 6,112M	$ 1,610M	26.3%
12/31/51 [1]	6,853	1,727	25.2
12/31/52 [1]	7,558	1,644	21.8
12/31/53 [1]	7,851	2,045	26.0
12/31/54 [1]	8,838	2,333	26.4
12/ 9/55 [1]	9,121	2,795	30.6
Average 1956 [2]	9,378	3,541	37.8
1957 [2]	9,998	4,835	48.3
1958 [2]	10,353	5,316	51.3
1959 [2]	10,664	5,362	50.2
1960 [2]	11,474	5,251	45.8
Amount Increase 1960 over 1950	$ 5,362M	$ 3,641M	19.5%
% Increase 1960 over 1950	87.7%	226.1%	

[1] Call Data
[2] Defendant's Records

[fol. 6428]

Northeast Philadelphia Offices

Merged 6/21/51

Date	Total Deposits	Gross Loans	Loans as % of Deposits
12/31/50[1]	$52,856M	$ 6,404M	12.1%
9/21/51[1]	50,739	6,543	13.1
Average 1952[2]	51,769	6,178	11.9
1953[2]	52,815	6,943	13.1
1954[2]	53,143	7,785	14.6
1955[2]	52,935	10,570	20.0
1956[2]	50,965	14,615	28.7
1957[2]	50,365	17,055	33.8
1958[2]	51,651	14,394	27.8
1959[2]	55,594	16,885	30.3
1960[2]	58,763	18,827	32.0
Amount Increase 1960 over 1950	$ 5,907M	$12,423M	19.9%
% Increase 1960 over 1950	11.2%	194.0%	

[1] Call Data
[2] Defendants Records

[fol. 6429]

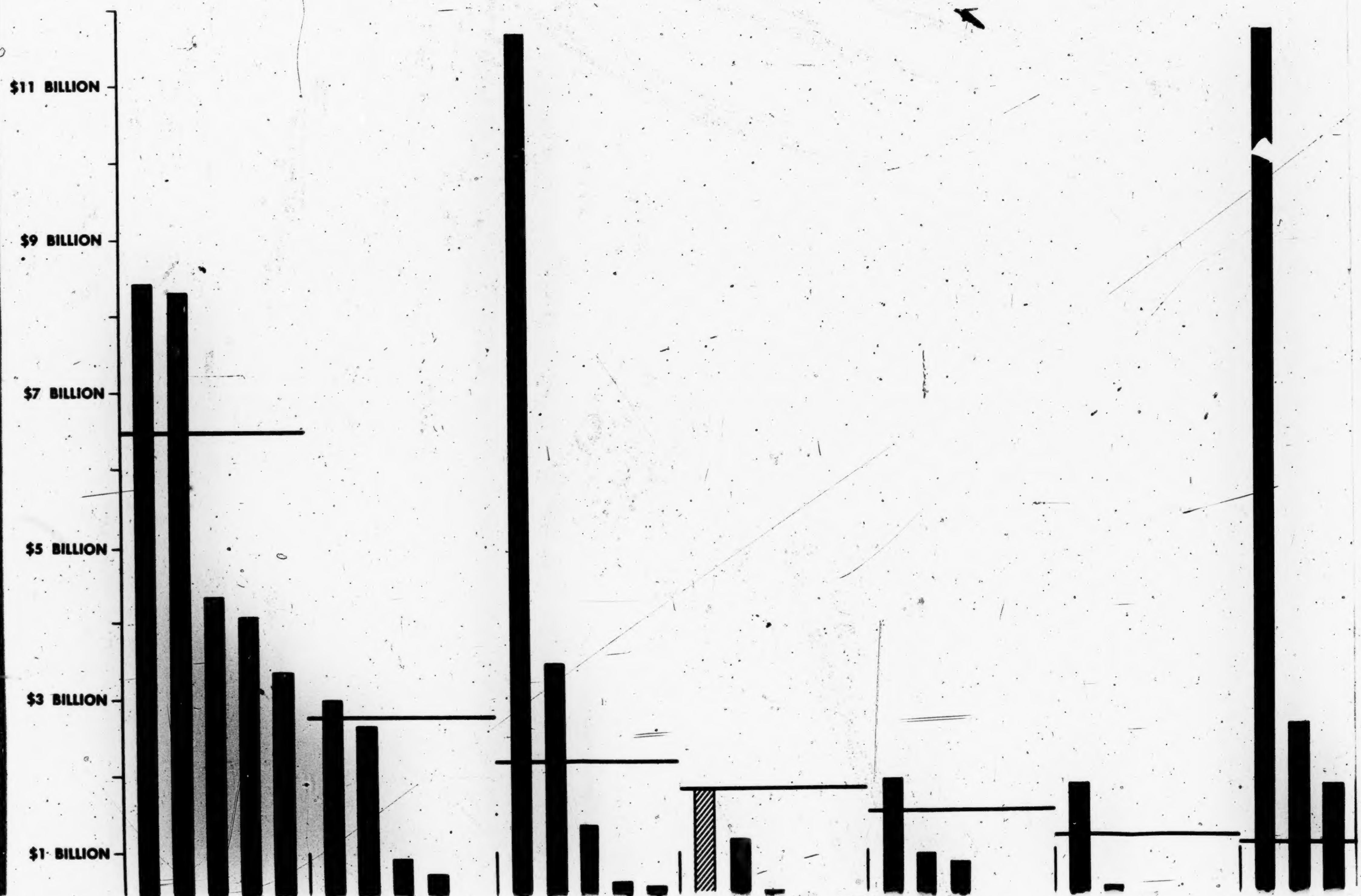
Montgomery Office

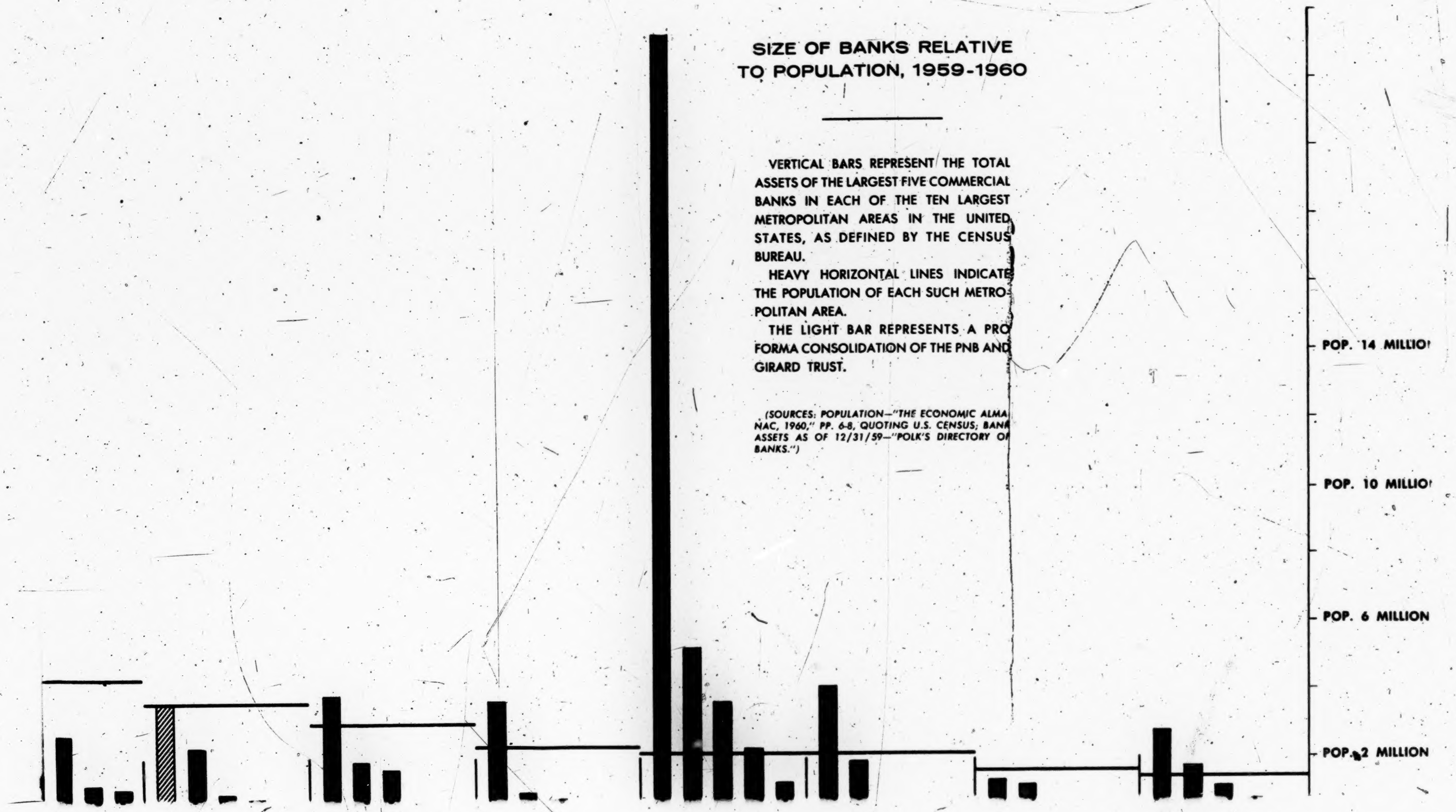
Merged 2/20/54

Date	Total Deposits	Gross Loans	Loans as % of Deposits
12/31/50[1]	$10,477M	$ 1,526M	14.6%
12/31/51[1]	9,814	1,482	15.1
12/31/52[1]	10,329	1,742	16.9
12/31/53[1]	10,628	1,801	16.9
2/19/54[1]	10,401	1,788	17.2
Average 1955[2]	11,194	2,387	21.3
1956[2]	11,385	3,868	34.6
1957[2]	11,691	6,041	51.6
1958[2]	12,223	7,174	58.7
1959[2]	13,451	8,237	61.2
1960[2]	14,165	9,481	66.9
Amount Increase 1960 over 1950	$ 3,688M	$ 7,955M	52.3%
% Increase 1960 over 1950	35.2%	521.3%	

[1] Call Data
[2] Defendant's Records

[fol. 6430]





SIZE OF BANKS RELATIVE TO POPULATION, 1959-1960

VERTICAL BARS REPRESENT THE TOTAL ASSETS OF THE LARGEST FIVE COMMERCIAL BANKS IN EACH OF THE TEN LARGEST METROPOLITAN AREAS IN THE UNITED STATES, AS DEFINED BY THE CENSUS BUREAU.

HEAVY HORIZONTAL LINES INDICATE THE POPULATION OF EACH SUCH METROPOLITAN AREA.

THE LIGHT BAR REPRESENTS A PRO FORMA CONSOLIDATION OF THE PNB AND GIRARD TRUST.

(SOURCES: POPULATION—"THE ECONOMIC ALMANAC, 1960," PP. 6-8, QUOTING U.S. CENSUS; BANK ASSETS AS OF 12/31/59—"POLK'S DIRECTORY OF BANKS.")

[fol. 6431] DEFENDANTS' EXHIBIT 21.

Banks in—Reserve City of Birmingham, Alabama

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	333,760	63.78	63.35
Birmingham Trust National Bank[1]	132,046	25.23	25.06
Bank for Savings & Trust	26,915	5.14	5.11
Exchange Bank	18,086	3.46	3.43
Security Commercial Bank	12,528	2.39	2.38
Total 5 largest banks	523,335	100.00	99.33
Total 1 other bank	3,509		.67
Total 6 commercial banks	526,844		100.00

[1] Conversion of Birmingham Trust & Savings Bank, Dec. 20, 1946—assets $109,879,000.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	237,620	64.43	63.94
Birmingham Trust & Savings Co.	109,879	29.79	29.56
Bank for Savings & Trust	8,884	2.41	2.39
Exchange Bank	8,682	2.35	2.34
Security Savings Bank[1]	3,765	1.02	1.01
Total 5 largest bank	368,830	100.00	99.24
Total 1 other bank[2]	2,819		.76
Total 6 commercial banks	371,649		100.00

[1] Title changed Apr. 1, 1950 to Security Commercial Bank.
[2] A corporation.

[fol. 6432] Banks in—Reserve City of Little Rock, Arkansas

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Union National Bank	73,809	34.13	33.92
Worthen Bank & Trust Company	65,707	30.39	30.20
First National Bank[1]	38,533	17.81	17.71
Commercial National Bank	36,525	16.90	16.79
The Bank of Arkansas[2]	1,665	.77	.76
Total 5 largest banks	216,239	100.00	99.38
Total 1 other bank[2]	1,359		.62
Total 6 commercial banks	217,598		100.00

[1] Formerly The Peoples National Bank.
[2] Both chartered in 1956.

Note:—Excludes Metropolitan Trust Company not engaged in banking.

June 29, 1946

	Total assets	Percent to total
Largest commercial banks:		
W. B. Worthen Co. Bankers[1]	63,725	38.41
Union National Bank	53,537	32.27
Commercial National Bank	32,021	19.30
Peoples National Bank	16,615	10.02
Total 4 commercial banks	165,898	100.00

[1] Title changed Dec. 31, 1946 to Worthen Bank & Trust Company.

[fol. 6433] Banks in—Reserve City of San Francisco, California

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
The Bank of America, Nat'l Tr. & Savs. Assn.*	7,701,486	63.16	58.71
American Trust Company	1,559,585	12.79	11.89
Crocker-Anglo National Bank[1]	1,439,911	11.81	10.98
First Western Bank & Trust Co.[2]	886,882	7.28	6.76
Wells Fargo Bank	605,168	4.96	4.61
Total 5 largest banks	12,193,032	100.00	92.95
Total 10 all other banks	924,258		7.05
Total 15 commercial banks	13,117,290		100.00

[1] Anglo California National Bank, assets $926,721,000, consolidated Feb. 13, 1956 with Crocker-First National Bank under title Crocker-Anglo National Bank.

[2] Formerly San Francisco Bank.

[3] Includes 2 national banks.

Note:—Excludes Western Title Insurance Guarantee Co. (non-deposit) with assets of $300,000.

* Exclusive of $1,331,418 in Los Angeles branches.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
The Bank of America, Nat'l Tr. & Savs. Assn.*	4,473,135	65.41	59.51
American Trust Company	982,024	14.36	13.06
Wells Fargo Bank	556,608	8.14	7.41
Angol-California National Bank	489,746	7.16	6.52
Crocker First National Bank	336,714	4.93	4.48
Total 5 largest banks	6,838,227	100.00	90.98
Total 7 all other banks[1]	678,251		9.02
Total 12 commercial banks	7,516,478		100.00
Total 1 mutual savings bank	156,659		

[1] Includes 2 national banks.

Note:—Excludes Title Insurance & Guarantee Co. (non-deposit) with assets of $276,000.

* Exclusive of $1,014,456 in Los Angeles branches.

[fol.6434] Banks In—Reserve City of Los Angeles, California

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Security-First National Bank	2,184,618	41.94	39.19
Bank of America Nat'l Tr. & Sav. Assn. (Branches)[1]	1,331,418	25.56	23.89
California Bank[2]	868,101	16.67	15.57
Citizens National Trust & Savings Bank	471,208	9.05	8.45
Farmers & Merchants National Bank	353,241	6.78	6.34
Total 5 largest banks	5,208,586	100.00	93.44
Total 7 all other banks[3]	365,429		6.56
Total 12 commercial banks	5,574,015		100.00

[1] Treated as a unit bank for comparative purposes since the head office is in another reserve city.

[2] Took over California Trust Company by merger Mar. 4, 1955—assets $2,250,000.

[3] Includes 1 national bank.

Note:—Excludes 2 non-deposit trust companies with assets aggregating $3,111,000.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Security-First National Bank	1,732,420	44.75	42.81
Bank of America Nat'l Tr. & Sav. Assn. (Branches)	1,014,456	26.20	25.08
California Bank	468,650	12.11	11.59
Citizens National Trust & Savings Bank	358,715	9.27	8.87
Farmers & Merchants National Bank	296,950	7.67	7.34
Total 5 largest banks	3,871,191	100.00	95.72
Total 4 all other banks	173,100		4.28
Total 9 commercial banks	4,044,291		100.00

Note:—Excludes 2 non-deposit trust companies with assets aggregating $3,562,000.

[fol. 6435] Banks in—Reserve City of Denver, Colorado

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	207,101	29.65	22.48
Denver National Bank	148,463	21.26	16.11
Colorado National Bank	133,858	19.17	14.53
United States National Bank	112,596	16.12	12.22
Central Bank & Trust Co.	96,380	13.80	10.46
Total 5 largest banks	698,398	100.00	75.80
Total 14 all other banks[1]	223,019		24.20
Total 19 commercial banks	921,417		100.00

[1] Includes 3 national banks.

June 29, 1946

	Total assets	Precent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	166,558	32.64	27.24
Denver National Bank	107,414	21.05	17.57
Colorado National Bank	106,663	20.90	17.45
United States National Bank	79,311	15.54	12.97
International Trust Co.	50,394	9.87	8.24
Total 5 largest banks	510,340	100.00	83.47
Total 8 all other banks[1]	101,090		16.53
Total 13 commercial banks	611,430		100.00

[1] Includes 3 national banks.

[fol. 6436] Banks in—Reserve City of Pueblo, Colorado

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to total
Largest commercial banks:		
First National Bank	45,460	50.42
Pueblo Savings & Trust Co.	20,865	23.14
Minnequa Bank	15,585	17.28
Arkansas Valley Bank	8,261	9.16
Total 4 commercial banks	90,171	100.00

June 29, 1946

	Total assets	Precent to total
Largest commercial banks:		
First National Bank	42,004	67.11
Pueblo Savings & Trust Co.	15,034	24.02
Minnequa Bank	5,549	8.87
Total 3 commercial banks	62,587	100.00

[fol. 6437] Banks in—Reserve City of Washington, D. C.

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Riggs National Bank[1]	460,030	41.00	30.51
American Security & Trust Company[2]	259,384	23.11	17.20
The National Bank of Washington[3]	257,274	22.93	17.06
Union Trust Company[4]	76,935	6.86	5.10
The National Metropolitan Bank	68,498	6.10	4.54
Total 5 largest banks	1,122,121	100.00	74.41
Total 12 all other banks[5]	385,984		25.59
Total 17 commercial banks	1,508,105		100.00

[1] Took over Washington Loan & Trust Co. by consolidation Oct. 1, 1954—assets $55,274,000.

[2] Purchased Columbia National Bank Nov. 30, 1946—assets $10,933,000.

[3] Took over Hamilton National Bank by consolidation Oct. 1, 1954—assets $115,540,000.

[4] Purchased Citizens Bank of Washington Jan. 31, 1947—assets $14,775,000.

[5] Includes 5 national banks, 2 of which are county banks.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Riggs National Bank	331,950	47.60	29.94
Amercian Security & Trust Company	137,600	19.73	12.41
Hamilton National Bank	104,976	15.05	9.47
The National Metropolitan Bank	66,074	9.47	5.96
Washington Loan & Trust Company	56,819	8.15	5.13
Total 5 largest banks	697,419	100.00	62.91
Total 16 all other banks[1]	411,175		37.09
Total 21 commercial banks	1,108,594		100.00

[1] Includes 7 national banks, 2 of which are county banks.

[fol. 6438] Banks in—Reserve City of Jacksonville, Florida

(Amounts in thousands of dollars)

June 30, 1956

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Atlantic National Bank	200,258	36.63	34.76
Florida National Bank	194,523	35.58	33.77
Barnett National Bank	120,264	22.00	20.88
American National Bank	17,177	3.14	2.98
Springfield Atlantic Bank	14,454	2.65	2.51
Total 5 largest banks	546,676	100.00	94.90
Total 6 all other banks[1]	29,355		5.10
Total 11 commercial banks	576,031		100.00

[1] Includes 1 national bank which was a conversion of Central Savings Bank, July 5, 1955—assets $3,737,000.

June 29, 1946

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Atlantic National Bank	146,527	37.63	37.43
Florida National Bank	136,941	35.16	34.98
Barnett National Bank	91,971	23.62	23.50
Springfield Atlantic Bank	8,030	2.06	2.05
American National Bank	5,964	1.53	1.52
Total 5 largest banks	389,433	100.00	99.48
Total 2 all other banks	2,039		.52
Total 7 commercial banks	391,472		100.00

[fol. 6439] Banks in—Reserve City of Atlanta, Georgia

(Amounts in thousands of dollars)
June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	393,290	37.55	35.19
Citizens & Southern Natl. Bank (Branch)[1]	261,347	24.96	23.39
Trust Company of Georgia[2]	194,789	18.60	17.43
Fulton National Bank	170,466	16.28	15.25
The Bank of Georgia	27,328	2.61	2.45
Totsi 5 largest banks	1,047,220	100.00	93.71
Total 7 all other banks[3]	70,270		6.29
Total 12 commercial banks	1,117,490		100.00

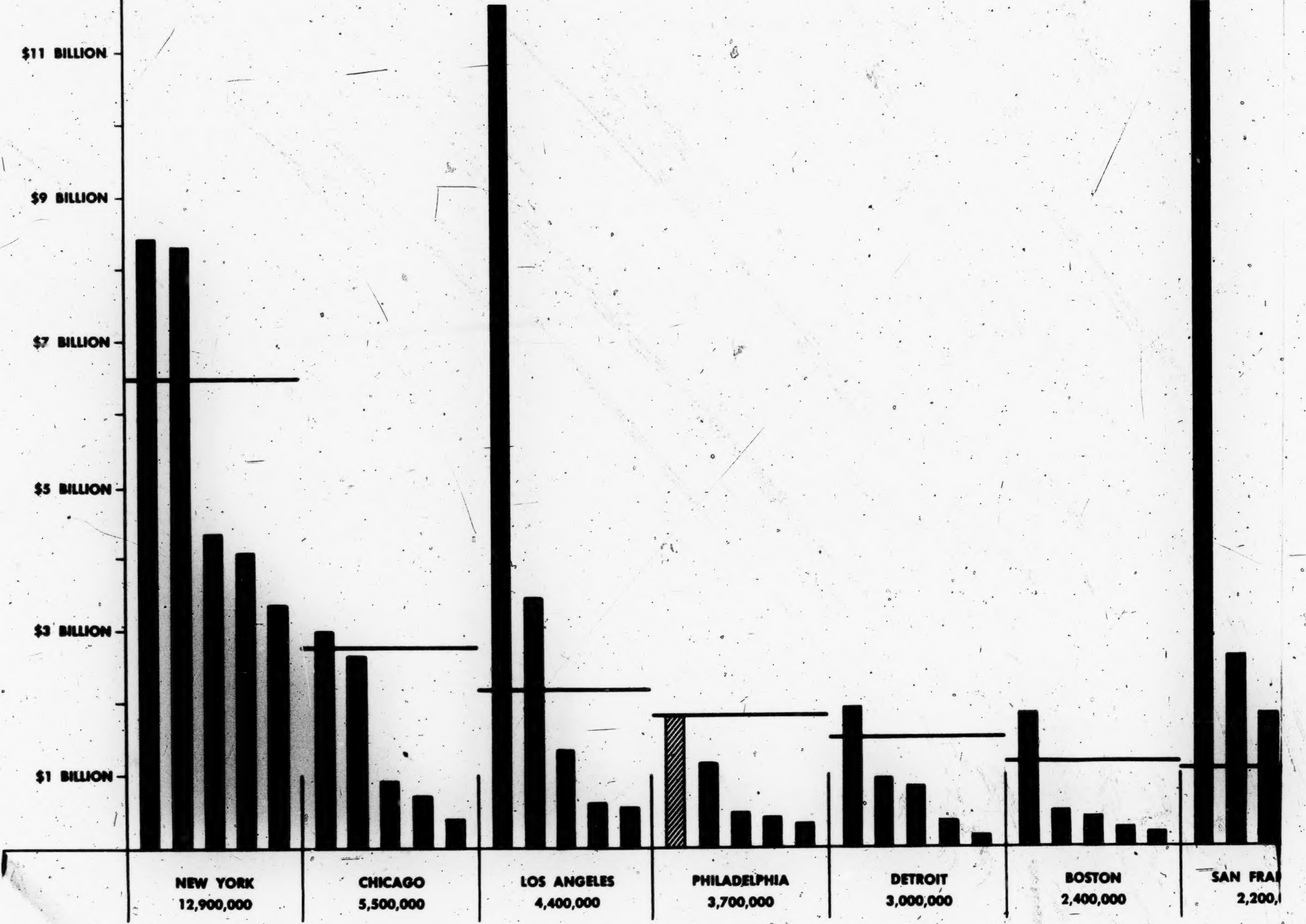
[1] Treated as a unit bank for comparative purposes since the head office is in another reserve city.

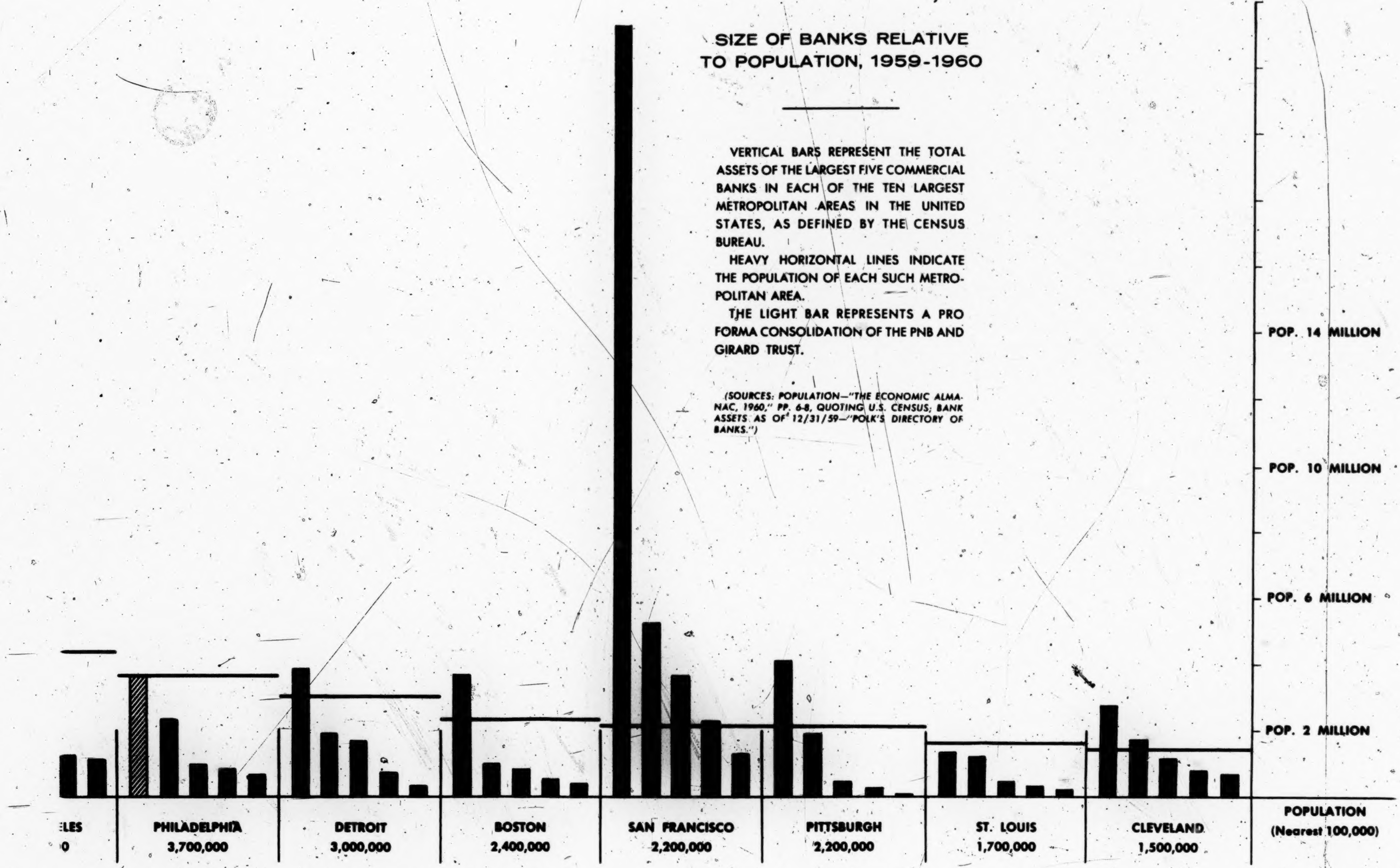
[2] Took over the East Atlanta Bank by merger on May 1, 1956—assets $7,683,000.

[3] Includes The Citizens and Southern Bank which took over the American Savings Bank with assets of $6,419,000 on Jan. 3, 1950.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	344,514	44.28	42.03
Citizens & Southern Natl. Bank (Branch)[1]	169,458	21.78	20.67
Fulton National Bank	134,629	17.30	16.42
Trust Company of Georgia	111,454	14.32	13.60
Georgia Savings Bank & Trust Co.	18,068	2.32	2.21
Total 5 largest banks	778,123	100.00	94.93
Total 8 all other banks	41,585		5.07
Total 13 commercial banks	819,708		100.00


$11 BILLION
$9 BILLION
$7 BILLION
$5 BILLION
$3 BILLION
$1 BILLION
NEW YORK
12,900,000
CHICAGO
5,500,000
LOS ANGELES
4,400,000
PHILADELPHIA
3,700,000
DETROIT
3,000,000
BOSTON
2,400,000


SIZE OF BANKS RELATIVE TO POPULATION, 1959-1960
VERTICAL BARS REPRESENT THE TOTAL ASSETS OF THE LARGEST FIVE COMMERCIAL BANKS IN EACH OF THE TEN LARGEST METROPOLITAN AREAS IN THE UNITED STATES, AS DEFINED BY THE CENSUS BUREAU.
HEAVY HORIZONTAL LINES INDICATE THE POPULATION OF EACH SUCH METROPOLITAN AREA.
THE LIGHT BAR REPRESENTS A PRO FORMA CONSOLIDATION OF THE PNB AND GIRARD TRUST.
(SOURCES: POPULATION—"THE ECONOMIC ALMANAC, 1960," PP. 6-8, QUOTING U.S. CENSUS; BANK ASSETS AS OF 12/31/59—"POLK'S DIRECTORY OF BANKS.")
POP. 14 MILLION
POP. 10 MILLION
POP. 6 MILLION
POP. 2 MILLION
PHILADELPHIA 3,700,000
DETROIT 3,000,000
BOSTON 2,400,000
SAN FRANCISCO 2,200,000
PITTSBURGH 2,200,000
ST. LOUIS 1,700,000
CLEVELAND 1,500,000
POPULATION (Nearest 100,000)

[fol. 6440] Banks in—Reserve City of Savannah, Georgia*

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Citizens & Southern National Bank[1]	180,865	71.05	69.15
Savannah Bank & Trust Co.[2]	39,463	15.50	15.09
Liberty National Bank & Trust Co.	22,534	8.85	8.62
Georgia State Savings Bank	7,979	3.14	3.05
Atlanta Savings & Trust Co.	3,713	1.46	1.42
Total 5 largest banks	254,554	100.00	97.33
Total 4 all other banks	6,992		2.67
Total 9 commercial banks	261,546		100.00

* Terminated as a reserve city October 1, 1945. However, for reserve purposes Citizens & Southern National Bank was classified that date as a reserve city bank since it has a branch located in the reserve city of Atlanta.

[1] Exclusive of resources of branches in Atlanta.

[2] Purchased Citizens Bank & Trust Co., with assets of $5,457,000, Feb. 27, 1950.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Citizens & Southern National Bank	152,094	73.19	70.56
Savannah Bank & Trust Co.	22,153	10.66	10.28
Liberty National Bank & Trust Co.	19,483	9.38	9.04
Citizens Bank & Trust Co.	7,149	3.44	3.32
Georgia State Savings Assn. of Ga.[1]	6,928	3.33	3.21
Total 5 largest banks	207,807	100.00	96.41
Total 5 all other banks	7,738		3.59
Total 10 commercial banks	215,545		100.00

[1] Title changed Sept. 8, 1950 to Georgia State Savings Bank.

[fol. 6441] Banks in—Central Reserve City of Chicago, Illinois

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	2,847,000	38.70	25.78
Continental Illinois Nat'l Bk. & Tr. Co.	2,622,955	35.65	23.75
Harris Trust and Savings Bank	763,814	10.38	6.92
Northern Trust Company	727,077	9.89	6.58
City National Bank & Trust Co.	395,965	5.38	3.58
Total 5 largest banks	7,356,811	100.00	66.61
Total 71 all other banks[1],[2]	3,687,000		33.39
Total 76 commercial banks	11,043,811		100.00

[1] Includes 42 national banks, also 1 Title & Trust Company with no deposits.
[2] Includes 2 national banks which took over 3 national banks in Chicago with assets aggregating $96,231,000. Also, includes 1 national bank which is a conversion of a State bank.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Continental Illinois National Bk. & Tr. Co.	2,371,677	39.22	29.06
First National Bank	2,177,319	36.00	26.68
Northern Trust Company	656,493	10.85	8.05
Harris Trust and Savings Bank	524,102	8.67	6.42
City National Bank and Trust Co.	318,303	5.26	3.90
Total 5 largest banks	6,047,894	100.00	74.11
Total 59 all other banks[1]	2,112,851		25.89
Total 64 commercial banks	8,160,745		100.00

[1] Includes 35 national banks, also 2 trust companies with no deposits.

[fol. 6442] Banks in—Reserve City of National City, Illinois

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to total
Commercial Bank:		
National Stock Yards National Bank	111,272	100.00

June 29, 1946[1]

	Total assets	Percent to total
Commercial Bank:		
National Stock Yards National Bank	103,268	100.00

[1] Designated a reserve city March 1, 1948.

[fol. 6443] Banks in—Reserve City of Indianapolis, Indiana

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Indiana National Bank[1]	452,954	42.56	41.09
American Fletcher National Bank & Trust Co.[2]	309,563	29.09	28.08
Merchants National Bank & Trust Co.[3]	205,293	19.29	18.62
Fidelity Trust Co.[4]	61,713	5.80	5.60
Indianapolis Morris Plan Corporation	34,733	3.26	3.15
Total 5 largest banks	1,064,256	100.00	96.54
Total 3 all other banks	38,154		3.46
Total 8 commercial banks	1,102,410		100.00

[1] The Security Trust Company, assets $12,605,000, purchased Nov. 1, 1946 by Union Trust Co., which subsequently with assets of $46,470,000 consolidated Dec. 30, 1950 with Indiana National Bank; took over Madison Avenue State Bank, assets $5,206,000, on Dec. 29, 1948.

[2] Fletcher Trust Co., assets $156,256,000, consolidated Dec. 13, 1954 with American National Bank at Indianapolis under title American Fletcher National Bank and Trust Company.

[3] Fountain Square State Bank, assets $10,140,000, consolidated Nov. 17, 1948 with The Merchants National Bank of Indianapolis; Indiana Trust Company, assets $38,439,000, Consolidated Sept. 30, 1953 with The Merchants National Bank of Indianapolis and the title Merchants National Bank & Trust Company of Indianapolis.

[4] Took over Central State Bank, assets $3,476,000, and Northwestern State Bank, assets $3,475,000, on Jan. 4, 1954.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Indiana National Bank	286,665	43.06	36.74
Fletcher Trust Company	122,233	18.36	15.66
American National Bank	115,212	17.31	14.77
Merchants National Bank	102,279	15.36	13.11
Indiana Trust Comapny	39,329	5.91	5.04
Total 5 largest banks	665,718	100.00	85.32
Total 11 all other banks	114,549		14.68
Total 16 commercial banks	780,267		100.00

[fol. 6444] Banks in—Reserve City of Des Moines, Iowa

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Iowa-Des Moines National Bank....	131,654	34.22	31.17
Central National Bank...........	116,065	30.17	27.48
Bankers Trust Co.[1]..............	85,131	22.12	20.15
Valley Bank & Trust Co...........	31,205	8.11	7.39
Capital City State Bank..........	20,695	5.38	4.90
Total 5 largest banks............	384,750	100.00	91.09
Total 6 all other banks[2].........	37,646		8.91
Total 11 commercial banks........	422,396		100.00

[1] Purchased Des Moines Bank & Trust Company Jan. 19, 1953—assets $7,841,000.
[2] Includes 1 national bank.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Iowa-Des Moines National Bank & Trust Co.....................	115,754	41.10	38.50
Central National Bank & Trust Co..	79,737	28.31	26.52
Bankers Trust Company...........	59,569	21.15	19.82
Valley Bank & Trust Co............	17,121	6.08	5.70
Capital City State Bank...........	9,451	3.36	3.14
Total 5 largest banks.............	281,632	100.00	93.68
Total 4 all other banks...........	18,992		6.32
Total 9 commercial banks..........	300,624		100.00

[fol. 6445] Banks in—Reserve City of Cedar Rapids, Iowa

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to total
Largest commercial banks:		
Merchants National Bank	101,283	66.04
Peoples Bank & Trust Co.	26,508	17.29
Guaranty Bank & Trust Co.	13,204	8.61
First Trust & Savings Bank	7,416	4.84
United State Bank	4,946	3.22
Total 5 commercial banks	153,357	100.00

June 29, 1946

	Total assets	Precent to total
Largest commercial banks:		
Merchants National Bank	84,891	70.72
Peoples Savings Bank[1]	17,266	14.38
Guaranty Bank & Trust Co.	9,625	8.02
First Trust & Savings Bank	4,755	3.96
United State Bank	3,504	2.92
Total 5 commercial banks	120,041	100.00

[1] Title changed Jan. 28, 1948 to Peoples Bank & Trust Company.

[fol. 6446] Banks in—Reserve City of Sioux City, Iowa

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Security National Bank	34,185	27.25	25.63
Toy National Bank	29,472	23.49	22.09
First National Bank	25,645	20.44	19.23
Live Stock National Bank	25,164	20.06	18.86
Woodbury County Savings Bank	10,990	8.76	8.24
Total 5 largest banks	125,456	100.00	94.05
Total 3 all other banks	7,942		5.95
Total 8 commercial banks	133,398		100.00

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Toy National Bank	29,131	26.96	25.61
Security National Bank	25,590	23.68	22.49
Live Stock National Bank	23,383	21.64	20.55
First National Bank	20,831	19.28	18.31
Woodbury County Savings Bank	9,126	8.44	8.02
Total 5 largest banks	108,061	100.00	94.98
Total 3 all other banks	5,709		5.02
Total 8 commercial banks	113,770		100.00

[fol. 6447] Banks in—Reserve City of Kansas City, Kansas

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Commercial National Bank[1]	50,038	34.82	24.15
Security National Bank	37,879	26.36	18.28
Riverview State Bank	24,281	16.89	11.72
Brotherhood State Bank	18,091	12.59	8.73
Home State Bank	13,431	9.34	6.49
Total 5 largest banks	143,720	100.00	69.37
Total 11 all other banks	63,468		30.63
Total 16 commercial banks	207,188		100.00

[1] Took over Kansas Trust Company Apr. 30, 1947—assets $444,000.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Commercial National Bank	36,119	38.29	27.00
Security National Bank	23,169	24.56	17.32
Riverview State Bank	17,392	18.44	13.00
Brotherhood State Bank	10,801	11.45	8.08
Home State Bank	6,847	7.26	5.12
Total 5 largest banks	94,328	100.00	70.52
Total 11 all other banks	39,432		29.48
Tota 16 commercial banks	133,760		100.00

[fol. 6448] **Banks in—Reserve City of Topeka, Kansas**

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
The National Bank of Topeka	42,022	31.19	28.73
Merchants National Bank[1]	41,413	30.65	28.31
Central National Bank & Trust Co[2]	36,785	27.23	25.15
Fidelity Savings State Bank	8,353	6.18	5.71
Kaw Valley Citizens State Bank[3]	6,539	4.84	4.47
Total 5 largest banks	135,112	100.00	92.37
Total 3 all other banks	11,165		7.63
Total 8 commercial banks	146,277		100.00

[1] Took over Guaranty Trust Company by consolidation Oct. 29, 1954—assets $4,506,000.

[2] Took over Central Trust Company by consolidation June 30, 1950—assets $2,140,000.

[3] Purchased Citizens State Bank June 11, 1953—assets $2,121,000.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
The National Bank of Topeka	26,193	29.90	25.70
Merchants National Bank	24,738	28.24	24.27
Central National Bank	24,599	28.08	24.14
Fidelity Savings State Bank	7,151	8.17	7.02
Topeka State Bank	4,916	5.61	4.82
Total 5 largest banks	87,597	100.00	85.95
Total 6 all other banks	14,317		14.05
Total 11 commercial banks	101,914		100.00

Note:—Excludes Columbia Title & Trust Company, engaged in trust and title business only.

[fol. 6449] Banks in--Reserve City of Wichita, Kansas

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Fourth National Bank	178,399	50.45	47.60
First National Bank	113,397	32.06	30.26
Union National Bank	27,066	7.65	7.22
Kansas State Bank	20,774	5.87	5.55
Southwest National Bank	14,020	3.97	3.74
Total 5 largest banks	353,656	100.00	94.37
Total 4 all other banks [1]	21,118		5.63
Total 9 commercial banks	374,774		100.00

[1] Includes 1 national bank.

Note.—Excludes Morris Plan Company (non-deposit) with assets of $3,104,000.

June 29, 1946

	Total assets	Percent to 5 largest banks	Bercent to total commercial banks
Largest commercial banks:			
Fourth National Bank	111,400	47.72	46.43
First National Bank	88,065	37.72	36.70
Union National Bank	14,383	6.16	5.99
Southwest National Bank	11,036	4.73	4.60
Kansas State Bank	8,577	3.67	3.58
Total 5 largest banks	233,461	100.00	97.30
Total 2 other banks [1]	6,481		2.70
Total 7 commercial banks	239,942		100.00

[1] Includes 1 national bank.

Note.—Excludes Morris Plan Company of Kansas (non-deposit) with assets of $1,342,000.

[fol. 6450] Banks in—Reserve City of Louisville, Kentucky

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Citizens Fidelity Bank & Trust Co.	226,513	34 52	30 70
First National Bank [1]	160,833	24 51	21 80
Liberty National Bank & Trust Co.[2]	118,457	18 05	16 05
Louisville Trust Co.	79,240	12 08	10 74
Lincoln Bank & Trust Co.	71,161	10 84	9 64
Total 5 largest banks	656,204	100 00	88 93
Total 5 all other banks	81,689		11 07
Total 10 commercial banks	737,893		100 00

[1] Purchased Security Bank Dec. 30, 1950—assets $8,200,000.
[2] Took over United States Trust Co. by consolidation July 22, 1955—assets $6,514,000.

June 29, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Citizens Fidelity Bank & Trust Co.	184,177	37 53	34 61
First National Bank	112,336	22 89	21 10
Liberty National Bank & Trust Co.	85,840	17 49	16 13
Louisville Trust Co.	61,755	12 58	11 60
Lincoln Bank & Trust Co.	46,656	9 51	8 77
Total 5 largest banks	490,764	100 00	92 21
Total 7 all other banks	41,439		7 79
Total 12 commercial banks	532,203		100 00

Note.—Excludes Franklin Title & Trust Co. No banking.

[fol. 6451] Banks in—Reserve City of New Orleans, Louisiana

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to total
Largest commercial banks:		
Whitney National Bank	429,092	39.93
National Bank of Commerce [1]	237,352	22.09
Hibernia National Bank	204,099	19.00
National American Bank	149,272	13.89
Progressive Bank & Trust Co.	54,710	5.09
Total 5 commercial banks	1,074,525	100.00

[1] Louisiana Bank & Trust Co. (formerly Louisiana Savings Bank & Trust Co.) with assets of $36,785,000 consolidated Oct. 3, 1955 with National Bank of Commerce.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Whitney National Bank	350,421	47.89	47.42
National Bank of Commerce	135,773	18.56	18.37
Hibernia National Bank	123,128	16.83	16.66
National American Bank	105,365	14.40	14.26
Louisiana Savings Bank & Trust Co.	16,968	2.32	2.29
Total 5 largest banks	731,655	100.00	99.00
Total 1 other bank	7,375		1.00
Total 6 commercial banks	739,030		100.00

[fol. 6452] Banks in—Reserve City of Baltimore, Maryland

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	287,628	26.74	23.14
Fidelity-Baltimore Natl. Bank & Tr. Co.[1]	266,140	24.75	21.41
Union Trust Co. of Maryland	232,792	21.65	18.73
Equitable Trust Co.	170,722	15.87	13.74
Mercantile Safe Deposit & Trust Co.[2]	118,255	10.99	9.51
Total 5 largest banks	1,075,537	100.00	86.53
Total 5 all other banks[3]	167,377		13.47
Total 10 commercial banks	1,242,914		100.00
Total 7 mutual savings banks	552,036		

[1] Fidelity Trust Co. took over Calvert Bank Feb. 4, 1952—assets $29,773,000; Fidelity Trust Co., assets $123,947,000, consolidated July 16, 1954 with Baltimore National Bank under title "Fidelity-Baltimore National Bank & Trust Co.; and purchased National Marine Bank Nov. 30, 1954—assets $18,138,000.

[2] Formerly Safe Deposit Trust Co. Took over Mercantile Trust Co. Oct. 19, 1953—assets $71,615,000.

[3] Includes 3 national banks.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	305,529	36.48	27.03
Union Trust Co.	192,034	22.93	16.99
Equitable Trust Co.	131,084	15.65	11.60
Baltimore National Bank	110,412	13.19	9.77
Maryland Trust Co.	98,389	11.75	8.70
Total 5 largest banks	837,448	100.00	74.09
Total 10 all other banks[1]	292,908		25.91
Total 15 commercial banks	1,130,356		100.00
Total 8 mutual savings banks	409,908		

[1] Includes 4 national banks. Also includes 1 bank, Title Guarantee & Trust Co., which changed its title Feb. 23, 1948 to The Title Guaranty Co. and surrendered its right to do a banking business.

[fol. 6453] Banks in—Reserve City of Boston, Massachusetts

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank of Boston	1,586,286	59.90	54.03
The National Shawmut Bank [1]	420,460	15.88	14.32
Second Bank-State Street Trust Co.[2]	371,316	14.02	12.65
Merchants National Bank	160,642	6.06	5.47
Rockland-Atlas National Bank [3]	109,665	4.14	3.73
Total 5 largest banks	2,648,369	100.00	90.20
Total 7 all other banks [4]	287,837		9.80
Total 12 commercial banks	2,936,206		100.00
Total 21 mutual savings banks	1,513,525		

[1] Purchased Stabile Bank & Trust Co. June 10, 1949—assets $5,318,000.

[2] Formerly State Street Trust Co. Purchased Second National Bank Feb. 18, 1955—assets $170,696,000.

[3] Webster and Atlas National Bank, assets $33,255,000, consolidated Oct. 15, 1948 with The National Rockland Bank and under title Rockland-Atlas National Bank.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank of Boston	1,409,373	60.26	51.81
The National Shawmut Bank	428,833	18.33	15.77
State Street Trust Company	181,780	7.77	6.68
Second National Bank	163,469	6.99	6.01
Merchants National Bank	155,527	6.65	5.72
Total 5 largest banks	2,338,982	100.00	85.99
Total 10 all other banks [1]	380,988		14.01
Total 15 commercial banks	2,719,970		100.00
Total 21 mutual savings banks	937,702		

[1] Includes 2 national banks.

[fol. 6454] Banks in—Reserve City of Detroit, Michigan

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
The National Bank of Detroit	1,910,114	47.82	46.23
The Detroit Bank	798,340	19.99	19.32
Manufacturers National Bank [1]	771,931	19.32	18.69
Bank of the Commonwealth	333,427	8.35	8.07
Detroit Wabeek Bank & Trust Co.[2]	180,587	4.52	4.37
Total 5 largest banks	3,994,399	100.00	96.68
Total 2 all other banks[3]	137,001		3.32
Total 7 commercial banks	4,131,400		100.00

[1] Purchased United Savings Bank July 1, 1952—assets $53,355,000. Also took over Industrial National Bank by consolidation Nov. 18, 1955—assets $173,760,000.

[2] Equitable Trust Co., assets $3,422,000, consolidated Nov. 30, 1948 with Bankers Trust Co. under title Bankers-Equitable Trust Co., which on Oct. 26, 1951 with assets of $4,303,000 was taken over by Detroit Trust Co. The last named bank, with assets of $35,353,000 was taken over Aug. 1, 1955 by the Wabeek State Bank under the title of Detroit Wabeek Bank & Trust Co.

[3] Excludes Merchants Bank (non-deposit industrial bank) with assets June 30, 1946 of $643,000 and June 30, 1956 of $1,553,000.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
The National Bank of Detroit	1,259,357	50.57	47.46
The Detroit Bank	517,843	20.80	19.51
Manufacturers National Bank	404,017	16.22	15.22
Commonwealth Bank [1]	227,787	9.15	8.58
Industrial National Bank	81,155	3.26	3.06
Total 5 largest banks	2,490,159	100.00	93.83
Total 6 all other banks	163,630		6.17
Total 11 commercial banks	2,653,789		100.00

[1] Title changed Feb. 2, 1953 to Bank of the Commonwealth.

[fol. 6455] Banks in—Reserve City of Minneapolis, Minnesota

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Northwestern National Bank	438,640	43.56	38.31
First National Bank	421,311	41.84	36.80
Midland National Bank	71,314	7.08	6.23
Marquette National Bank	58,455	5.80	5.10
Fidelity State Bank	17,349	1.72	1.51
Total 5 largest banks	1,007,069	100.00	87.95
Total 13 all other banks [1]	137,933		12.05
Total 18 commercial banks	1,145,002		100.00
Total 1 mutual savings bank	257,008		

[1] Includes 8 national banks.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Northwestern National Bank	394,475	44.70	40.56
First National Bank	378,374	42.88	38.90
Midland National Bank	67,293	7.63	6.92
Marquette National Bank	30,572	3.46	3.14
Fourth Northwestern National Bank	11,762	1.33	1.21
Total 5 largest banks	882,476	100.00	90.73
Total 12 all other banks [1]	90,160		9.27
Total 17 commercial banks	972,636		100.00
Total 1 mutual savings bank	144,859		

[1] Includes 7 national banks.

[fol. 6456] Banks in—Reserve City of St. Paul, Minnesota

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	357,358	66.29	55.65
American National Bank	95,852	17.78	14.93
Empire National Bank	41,424	7.69	6.45
Midway National Bank	28,693	5.32	4.47
Commercial State Bank	15,748	2.92	2.45
Total 5 largest banks	539,075	100.00	83.95
Total 15 all other banks	103,077		16.05
Total 20 commercial banks	642,152		100.00

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	309,488	66.27	59.59
American National Bank	95,753	20.50	18.44
Empire National Bank & Trust Company	28,545	6.11	5.50
Midway National Bank	20,228	4.33	3.90
Commercial State Bank	13,007	2.79	2.50
Total 5 largest banks	467,021	100.00	89.93
Total 13 all other banks	52,301		10.07
Total 18 commercial banks	519,322		100.00

[fol. 6457] Banks in—Reserve City of Kansas City, Missouri

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Commerce Trust Co.[1]	485,354	44.15	34.79
First National Bank[2]	302,079	27.48	21.66
City National Bank & Trust Co.	210,312	19.13	15.08
Union National Bank	63,468	5.78	4.55
Mercantile Bank & Trust Co.	37,996	3.46	2.72
Total 5 largest banks	1,099,209	100.00	78.80
Total 25 all other banks[3]	295,798		21.20
Total 30 commercial banks	1,395,007		100.00

[1] Purchased Stock Yards National Bank Oct. 1, 1951—assets $9,268,000.
[2] Took over Inter-State National Bank by merger April 29, 1955—assets $65,784,000.
[3] Includes 4 national banks.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Commerce Trust Co.	425,952	46.08	37.29
First National Bank	239,519	25.91	20.97
City National Bank & Trust Co.	124,381	13.45	10.89
Inter-State National Bank	74,408	8.05	6.51
Union National Bank	60,159	6.51	5.27
Total 5 largest banks	924,419	100.00	80.93
Total 20 all other banks[1]	217,893		19.07
Total 25 commercial banks	1,142,312		100.00

[1] Includes 4 national banks.

[fol. 6458] Banks in—Reserve City of St. Louis, Missouri (Independent City)

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Mercantile Trust Co.[1]	636,472	37.96	27.79
First National Bank[2]	603,682	36.01	26.36
Boatmens National Bank	221,173	13.19	9.65
The Bank of St. Louis[3]	131,899	7.87	5.76
Tower Grove Bank & Trust Co.	83,259	4.97	3.64
Total 5 largest banks	1,676,485	100.00	73.21
Total 23 all other banks[4]	613,567		26.79
Total 28 commercial banks	2,290,052		100.00

[1] Purchased Mississippi Valley Trust Co. (formerly Mercantile Commerce Bank & Trust Co.) Sept. 4, 1951—assets $250,582,000.

[2] Took over United Bank & Trust Co. by consolidation Dec. 30, 1955—assets $64,533,000.

[3] Formerly Industrial Bank; title changed Jan. 20, 1950.

[4] Includes 4 national banks.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank	482,777	36.86	26.69
Mercantile-Commerce Bank & Trust Co.	378,346	28.89	20.91
Mississippi Valley Trust Co.	232,354	17.74	12.84
Boatmens National Bank	143,627	10.96	7.94
Industrial Bank	72,725	5.55	4.02
Total 5 largest banks	1,309,829	100.00	72.40
Total 24 all other banks[1]	499,435		27.60
Total 29 commercial banks	1,809,264		100.00

[1] Includes 5 national banks, one of which with assets of $18,936,000 converted to a State bank Sept. 1, 1952.

[fol. 6459] Banks in—Reserve City of Helena, Montana

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to total
Largest commercial banks:		
First National Bank & Trust Co.	34,369	55.85
Union Bank & Trust Co.	27,166	44.15
Total 2 commercial banks	61,535	100.00

June 29, 1946

	Total assets	Percent to total
Largest commercial banks:		
First National Bank & Trust Co.	28,146	54.04
Union Bank and Trust Co.	23,941	45.96
Total 2 commercial banks	52,087	100.00

[fol. 6460] Banks in—Reserve City of Omaha, Nebraska

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Omaha National Bank [1]	250,045	51.03	47.93
First National Bank	101,375	20.69	19.43
United States National Bank	99,781	20.36	19.12
Stock Yards National Bank of South Omaha	24,276	4.95	4.65
Packers National Bank	14,543	2.97	2.79
Total 5 largest banks	490,020	100.00	93.92
Total 5 all other banks	31,716		6.08
Total 10 commercial banks	521,736		100.00

[1] Purchased Live Stock National Bank Aug. 20, 1954 with assets of $75,082,000.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Omaha National Bank	164,728	38.60	36.44
First National Bank	90,492	21.20	20.02
United States National Bank	78,934	18.50	17.46
Live Stock National Bank	68,879	16.14	15.24
Stock Yards National Bank of South Omaha	23,708	5.56	5.24
Total 5 largest banks	426,742	100.00	94.40
Total 4 all other banks [1]	25,308		5.60
Total 9 commercial banks	452,050		100.00

[1] Includes 1 national bank.

[fol. 6461] Banks in—Central Reserve City of New York City, N. Y.

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Chase Manhattan Bank [1]	7,092,930	31.88	20.99
First National City Bank [2]	6,371,537	28.64	18.86
Chemical Corn Exchange Bank [3]	3,032,477	13.63	8.97
Manufacturers Trust Company [4]	2,909,961	13.08	8.61
Guaranty Trust Company	2,842,072	12.77	8.41
Total 5 largest banks	22,248,977	100.00	65.84
Total 52 all other banks [5,6]	11,544,074		34.16
Total 57 commercial banks	33,793,051		100.00
Total 53 mutual savings banks [7]	15,216,070		

[1] Bronx County Trust Company with assets of $75,767,000 merged Mar. 21, 1955 with Manhattan Bank; Chase National Bank with assets of $5,731,385,000 merged Mar. 31, 1955 with Manhattan Bank under title Chase Manhattan Bank.

[2] First National Bank of the City of New York with assets of $715,376,000 merged Mar. 30, 1955 with National City Bank of New York under title First National City Bank.

[3] One national bank and 2 State banks in New York City with assets aggregating $1,141,532,000 merged with this bank.

[4] Two national banks and 2 State banks in Greater New York with assets aggregating $319,431,000 were purchased by and merged into this bank.

[5] Includes 7 banks which took over 5 national banks and 9 State banks with assets aggregating $1,172,304,000.

[6] Includes 11 national banks.

[7] Two mutual savings banks with assets aggregating $155,080,000 were merged with other mutual savings banks.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Chase National Bank	5,266,831	29.55	16.48
National City Bank	4,672,348	26.22	14.62
Guaranty Trust Company	3,489,673	19.58	10.92
Manufacturers Trust Company	2,489,525	13.97	7.79
Central Hanover Bank and Trust Company	1,902,366	10.68	5.96
Total 5 largest banks	17,820,743	100.00	55.77
Total 74 all other banks [1]	14,132,440		44.23
Total 79 commercial banks	31,953,183		100.00
Total 55 mutual savings banks	7,732,996		

[1] Includes 20 national banks.

Note.—Excludes 1 private bank, Laidlaw & Company, for which no figures are shown in the banker's directory.

[fol. 6462] Banks in—Reserve City of Buffalo, New York

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to total
Largest commercial banks:		
Marine Trust Co. of Western N. Y.	676,490	52.72
Manufacturers & Traders Trust Co.[1]	424,381	33.07
Liberty Bank of Buffalo	154,414	12.04
Buffalo Industrial Bank	19,950	1.56
Liberty National Bank	7,877	.61
Total 5 commercial banks	1,283,112	100.00
Total 3 mutual savings banks	860,668	

[1] Took over First National Bank, Buffalo, Aug. 8, 1955—assets $41,144,000, and a State bank in Buffalo on Mar. 8, 1956—assets $5,249,000.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Marine Trust Company of Buffalo	361,536	46.58	45.90
Manufacturers & Traders Trust Co.	253,297	32.64	32.16
Liberty Bank of Buffalo	137,808	17.75	17.49
Niagara National Bank[1]	15,131	1.95	1.92
Buffalo Industrial Bank	8,350	1.08	1.06
Total 5 largest banks	776,122	100.00	98.53
Total 2 all other banks	11,596		1.47
Total 7 commercial banks	787,718		100.00
Total 3 mutual savings banks	389,024		

[1] Title changed June 29, 1950 to First National Bank of Buffalo.

[fol. 6463] Banks in—Reserve City of Charlotte, North Carolina

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Wachovia Bank & Trust Company	446,552	57.77	56.21
American Trust Company	190,105	24.59	23.93
Union National Bank	63,828	8.26	8.04
Commercial National Bank	60,466	7.82	7.61
The Bank of Charlotte	12,033	1.56	1.51
Total 5 largest banks	772,984	100.00	97.30
Total 3 all other banks	21,461		2.70
Total 8 commercial banks	794,445		100.00

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Wachovia Bank & Trust Company	[illegible] 93	53.65	53.01
American Trust Company	[illegible],722	31.14	30.76
Commercial National Bank	[illegible],831	7.76	7.67
Union National Bank	[illegible],937	6.61	6.54
The Bank of Charlotte	4,297	.8[illegible]	.83
Total 5 largest banks	512,980	100.00	98.81
Total 3 all other banks	6,161		1.19
Total 8 commercial banks	519,141		100.00

[fol. 6446] Banks in—Reserve City of Cincinnati, Ohio

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank [1]	415,876	34.63	33.77
Fifth Third Union Trust Co.[2]	355,094	29.57	28.83
Central Trust Co.	270,040	22.48	21.92
Provident Savings & Trust Co.[3]	136,503	11.37	11.08
Southern Ohio National Bank [4]	23,437	1.95	1.90
Total 5 largest banks	1,200,950	100.00	97.50
Total 2 all other banks	30,825		2.50
Total 7 commercial banks	1,231,775		100.00

[1] On July 3, 1951 purchased Second National Bank with assets of $65,432,000. On Dec. 30, 1954 purchased Atlas National Bank with assets of $50,843,000, which bank on June 23, 1950 had purchased the Peoples Bank & Savings Co. with assets of $12,973,000 and on May 9, 1952 had purchased the Columbia Bank & Savings Co. with assets of $5,979,000.

[2] On March 3, 1952 purchased The Cincinnati Bank & Trust Co. with assets of $7,882,000; Aug. 3, 1953 purchased The Western Bank & Trust Co. with assets of $27,269,000; and, took over Lincoln National Bank, assets $42,872,000, by merger or consolidation on May 13, 1955.

[3] Purchased the Guardian Bank & Savings Co. on May 28, 1949—assets $5,895,000.

[4] Formerly Southern Ohio Savings Bank & Trust Co.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Fifth Third Union Trust Co.	256,161	30.02	25.54
First National Bank	217,378	25.47	21.67
Central Trust Co.	203,133	23.80	20.25
Provident Savings Bank & Trust Co.	116,326	13.63	11.60
Second National Bank	60,443	7.08	6.03
Total 5 largest banks	853,441	100.00	85.09
Total 10 all other banks [1]	149,591		14.91
Total 15 commercial banks	1,003,032		100.00

[1] Includes 2 national banks.

[fol. 6465] Banks in—Reserve City of Cleveland, Ohio

(Amounts in thousands of dollars)

June 30, 1956

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Cleveland Trust Co.[1]	1,433,273	47.99	46.91
The National City Bank[2]	705,848	23.63	23.10
Central National Bank	535,035	17.92	17.51
Union Bank of Commerce Co.[3]	265,989	8.91	8.71
Society National Bank	46,233	1.55	1.51
Total 5 largest banks	2,986,378	100.00	97.74
Total 4 all other banks	69,209		2.26
Total 9 commercial banks	3,055,587		100.00
Total 1 mutual savings bank[4]	340,549		

[1] Purchased The Lorain Street Bank on Sept. 21, 1946—assets $20,515,000.

[2] Purchased Equity Savings Assn. on Aug. 14, 1953—assets $18,607,000.

[3] On May 16, 1955 took over by merger The American Savings Bank with assets of $21,599,000, and on Sept. 19, 1955 the Commercial & Savings Bank of Berea which had assets of $13,371,000.

[4] On April 30, 1954 purchased The Bank of Ohio Company (formerly the Morris Plan Bank) with assets of $52,360,000.

June 29, 1946

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Cleveland Trust Co.	1,087,360	52.42	50.85
The National City Bank	472,575	22.78	22.10
Central National Bank	372,510	17.96	17.42
Union Bank of Commerce Co.	114,851	5.54	5.37
Morris Plan Bank	26,878	1.30	1.26
Total 5 largest banks	2,074,174	100.00	97.00
Total 6 all other banks	64,258		3.00
Total 11 commercial banks	2,138,432		100.00
Total 1 mutual savings bank	208,288		

[fol. 6466] Banks in—Reserve City of Columbus, Ohio

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Ohio National Bank[1]	407,857	54.96	53.46
Huntington National Bank	163,087	21.98	21.38
City National Bank & Trust Company	124,768	16.82	16.35
Market Exchange Bank Company	31,676	4.27	4.15
Northern Savings Bank	14,643	1.97	1.92
Total 5 largest banks	742,031	100.00	97.26
Total 2 all other banks	20,877		2.74
Total 7 commercial banks	762,908		100.00

[1] Purchased Fifth Avenue Savings Bank Company with assets of $8,579,000 and State Industrial Bank with assets of $1,875,000, on June 8, 1948.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Ohio National Bank	199,689	44.73	42.63
Huntington National Bank	134,996	20.24	28.82
City National Bank & Trust Company	86,125	19.29	18.39
Market Exchange Bank Company	17,438	3.90	3.73
Fifth Avenue Savings Bank Company	8,206	1.84	1.75
Total 5 largest banks	446,454	100.00	95.32
Total 4 all other banks	21,942		4.68
Total 9 commercial banks	468,396		100.00

[fol. 6467] Banks in—Reserve City of Toledo, Ohio

(Amounts in thousands of dollars)

June 30, 1956

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Toledo Trust Co.	323,842	60.57	59.12
The National Bank of Toledo[1]	91,741	17.16	16.75
Ohio Citizens Trust Co.	84,390	15.79	15.41
Lucas County Bank	21,392	4.00	3.91
State Bank of Toledo	13,265	2.48	2.42
Total 5 largest banks	534,630	100.00	97.61
Total 1 other bank	13,117		2.39
Total 6 commercial banks	547,747		100.00

[1] Formerly Commerce National Bank which was a conversion of The Commerce Guardian Bank, June 2, 1947.

June 29, 1946

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Toledo Trust Comapny	269,044	69.36	58.91
The Commerce Guardian Bank	56,088	14.46	14.37
Ohio Citizens Trust Co.	44,526	11.48	11.40
Spitzer-Rorick Trust & Savings Bank	10,105	2.60	2.59
Lucas County Bank	8,150	2.10	2.09
Total 5 largest banks	387,913	100.00	99.36
Total 1 other bank	2,502		.64
Total 6 commerical banks	390,415		100.00

[fol. 6468] Banks in—Reserve City of Oklahoma City, Oklahoma
(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank & Trust Co.[1]	279,343	54.78	48.31
Liberty National Bank & Trust Co.	144,741	28.38	25.03
City National Bank & Trust Co.	37,448	7.34	6.48
Fidelity National Bank & Trust Co.	27,069	5.31	4.68
Citizens State Bank	21,340	4.19	3.69
Total 5 largest banks	509,941	100.00	88.19
Total 8 all other banks[2]	68,272		11.81
Total 13 commercial banks	578,213		100.00

[1] Purchased The Tradesmens National Bank Aug. 17, 1949—$16,137,000.
[2] Includes 3 national banks.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank & Trust Co.	197,597	54.28	50.22
Liberty National Bank	84,518	23.22	21.48
Tradesmens National Bank	30,320	8.33	7.71
City National Bank & Trust Co.	26,104	7.17	6.63
Fidelity National Bank	25,486	7.00	6.48
Total 5 largest banks	364,025	100.00	92.52
Total 5 all other banks[1]	29,424		7.48
Total 10 commercial banks	393,449		100.00

[1] Includes 2 national banks.

[fol. 6469] Banks in—Reserve City of Tulsa, Oklahoma

(Amounts in thousands of dollars)

June 30, 1956

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
First National Bank & Trust Co.	276,885	45.85	42.27
The National Bank of Tulsa	248,864	41.21	37.99
Fourth National Bank	40,043	6.63	6.11
Farmers & Merchants State Bank	19,943	3.30	3.05
The National Bank of Commerce	18,204	3.01	2.78
Total 5 largest banks	603,939	100.00	92.20
Total 6 all other banks[1]	51,102		7.80
Total 11 commercial banks	655,04		100.00

[1] Includes 1 national bank.

Note.—Excludes Oklahoma Morris Plan Bank (non-deposit) with assets of $2,274,000.

June 29, 1946

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
The National Bank of Tulsa	164,266	47.93	46.61
First National Bank & Trust Co.	139,855	40.81	39.68
Fourth National Bank	19,649	5.73	5.58
The National Bank of Commerce	12,352	3.61	3.51
Peoples State Bank	6,503	1.92	1.86
Total 5 largest banks	342,685	100.00	97.24
Total 3 all other banks	9,733		2.76
Total 8 commercial banks	352,418		100.00

Note.—Excludes Oklahoma Morris Plan Bank (non-deposit) with assets of $226,000.

[fol. 6470] Banks in—Reserve City of Portland, Oregon

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First National Bank[1]	855,331	47.93	47.83
United States National Bank	808,282	45.30	45.20
Bank of California, N. A. (Branch)[2]	88,231	4.94	4.93
Portland Trust Company	25,977	1.46	1.45
Multnomah Bank	6,552	.37	.37
Total 5 largest banks	1,784,373	100.00	99.78
Total 1 other bank	3,869		.22
Total 6 commercial banks	1,788,242		100.00
Total 1 mutual savings bank	31,569		

[1] Purchased First Moreland-Sellwood Bank (Formerly Moreland-Sellwood Bank) Feb. 6, 1954—assets $8,492,000.

[2] Treated as a unit bank for comparative purposes since the head office is in another reserve city.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
United States National Bank	571,068	48.33	48.24
First National Bank	531,039	44.94	44.86
Bank of California, N. A. (Branch)	57,842	4.89	4.89
Portland Trust & Savings Bank	17,356	1.47	1.47
Moreland-Sellwood Bank	4,323	.37	.36
Total 5 largest banks	1,181,628	100.00	99.82
Total 1 other bank	2,133		.18
Total 6 commercial banks	1,183,761		100.00
Total 1 mutual savings bank	10,676		

[fol. 6471] Banks in—Reserve City of Philadelphia, Pennsylvania

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First Pa. Banking & Trust Co.[1]	1,064,136	31.67	25.23
Philadelphia National Bank[2]	982,612	29.24	23.29
Girard Tr. Corn Exchange Bank[3]	672,970	20.03	15.95
Fidelity-Phila. Trust Co.[4]	348,617	10.37	8.26
Tradesmen's Bank & Trust Co.[5]	292,112	8.69	6.93
Total 5 largest banks	3,360,447	100.00	79.66
Total 14 all other banks[6]	857,921		20.34
Total 19 commercial banks	4,218,368		100.00
Total 4 mutual savings banks	1,554,208		

See page 2 for footnotes.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Philadelphia National Bank	769,186	37.62	22.21
The Pennsylvania Co.	533,702	26.11	15.41
Corn Exchange N. B. & Tr. Co.	298,679	14.61	8.62
Girard Trust Co.	230,154	11.26	6.65
Fidelity-Phila. Trust Co.	208,911	10.40	6.03
Total 5 largest banks	2,040,632	100.00	58.92
Total 38 all other banks[1]	1,422,533		41.08
Total 43 commercial banks	3,463,165		100.00
Total 4 mutual savings banks	968,419		

[1] Includes 15 national banks and 2 private banks.

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[fol. 6472] Reserve City of Philadelphia, Pennsylvania

Footnotes—June 30, 1956

[1] Formerly Pennsylvania Company for Banking and Trusts; also The Pennsylvania Company for Insurance on Lives and Granting Annuities. Took over the following banks:

Nov. 23, 1946	Erie National Bank, by purchase.......	Assets—$ 20,974,000
Mar. 15, 1947	Kensington National Bank, by purchase.	Assets— 35,544,000
Mar. 29, 1947	Germantown Trust Company, by merger	Assets— 49,415,000
Jan. 21, 1949	Security Bank & Trust Co., by purchase.	Assets— 15,421,000
Nov. 9, 1951	Northeast National Bank, by merger...	Assets— 20,105,000
Sept. 30, 1955	First National Bank, by merger.......	Assets— 216,895,000

[2] Took over Ninth Bank and Trust Co., by consolidation, Sept. 21, 1951—assets $54,472,000.

[3] Formerly Girard Trust Company. Took over the following banks:

June 15, 1951	Corn Exchange Natl. Bank, by merger..	Assets—$299,199,000
Sept. 11, 1953	Natl. Bank of Germantown & Tr. Co., by merger..........................	Assets— 39,833,000
Jan. 25, 1954	North Philadelphia Trust Co., by merger	Assets— 22,162,000

[4] Took over National Bank of Olney, by merger, June 20, 1952—Assets $10,349,000.

[5] Formerly Tradesmens Land Title Bank and Trust Co.; also Land Title Bank and Trust Co. Took over the Tradesmens National Bank and Trust Co. by merger, June 19, 1953—assets $139,801,000, and the Market Street National Bank, by merger, Dec. 3, 1955—assets $60,166,000.

[6] Includes 2 national banks and 1 private bank. Excludes 1 non-deposit bank. Banks in this group took over 5 national banks with assets aggregating $97,085,000, 5 State banks with assets of $119,404,000, and 1 private bank with assets of $2,704,000 during the ten year period.

[fol. 6473] Banks in—Reserve City of Pittsburgh, Pennsylvania

(Amounts in thousands of dollars)

June 30, 1056

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Mellon Natl. Bank & Trust Co.[1]	1,943,118	64.43	60.04
Peoples First N. B. & Trust Co.[2]	605,015	20.06	18.69
Fidelity Trust Co. of Pittsburgh[3]	249,518	8.27	7.71
Union National Bank	109,697	3.64	3.39
Commonwealth Trust Co. of Pittsburgh[4]	108,691	3.60	3.36
Total 5 largest banks	3,016,039	100.00	93.19
Total 14 all other banks[5]	220,297		6.81
Total 19 commercial banks	3,236,336		100.00
Total 1 mutual savings bank	140,606		

See Page 2 for Footnotes

June 29, 1946

Largest commercial banks:	Total assets.	Percent to 5 largest banks	Percent to total commercial banks
*Union Trust Co.	596,949	37.41	29.98
*Mellon National Bank	573,902	35.96	28.92
Farmers Deposit Natl. Bank	193,246	12.11	9.70
First National Bank[1]	153,947	9.65	7.73
Union National Bank	77,793	4.87	3.91
Total 5 largest banks	1,595,837	100.00	80.14
Total 29 all other banks[2]	395,595		19.86
Total 34 commercial banks	1,991,432		100.00
Total 1 mutual savings bank	81,866		

[1] Title changed July 1, 1946 to Peoples First National Bank & Trust Co.
[2] Includes 3 national banks.
* Controlled by the same shareholders—consolidated in September 1946.

[fol. 6474] Reserve City of Pittsburgh, Pennsylvania

Footnotes—June 30, 1956

[1] Formerly Mellon National Bank. Took over the following banks:

Sept. 23, 1946	Union Trust Company, by consolidation	Assets	$609,915,000
Aug. 29, 1947	Workingmans Savings Bank & Trust Co., by purchase	Assets	19,611,000
Dec. 19, 1947	Forbes National Bank, by purchase	Assets	24,201,000
Dec. 1, 1950	Farmers Deposit National Bank, by purchase	Assets	181,201,000
Apr. 6, 1951	Fourteenth Street Bank, by purchase	Assets	6,383,000
June 22, 1951	Manchester Savings Bk. & Tr. Co., by purchase	Assets	9,816,000
June 20, 1952	Polithania State Bank, by purchase	Assets	4,143,000

[2] Formerly First National Bank of Pittsburgh. Took over Peoples-Pittsburgh Trust Company by consolidation, July 1, 1946—assets $228,351,000.

[3] Purchased the Western Savings and Deposit Bank with assets of $7,424,000, Sept. 15, 1947, and the Colonial Trust Company with assets of $141,144,000, Aug. 6, 1954. The latter bank had previously purchased the following banks:

Sept. 15, 1947	The Carrick Bank	Assets	$6,679,000
May 12, 1950	Keystone National Bank	Assets	14,698,000
Oct. 1, 1951	Bank of Ohio Valley	Assets	3,308,000

[4] Purchased the National Bank of America with assets of $5,296,000, April 29, 1949, and the South Hills Trust Company with assets of $5,291,000, Mar. 16, 1954.

[5] Includes the Potter Bank & Trust Company (formerly Potter Title & Trust Company) which took over the Homewood Bank with assets of $3,842,000 on Oct. 10, 1955.

[fol. 6475] Banks in—Reserve City of Memphis, Tennessee

(Amounts in thousands of dollars)

June 30, 1956

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Union Planters National Bank	319,200	46.21	45.73
First National Bank	241,268	34.93	34.57
The National Bank of Commerce	103,721	15.01	14.86
Commercial & Industrial Bank	16,959	2.45	2.43
Memphis Bank & Trust Co.	9,674	1.40	1.38
Total 5 largest banks	690,822	100.00	98.97
Total 2 all other banks	7,187		1.03
Total 7 commercial banks	698,009		100.00

June 29, 1946

Largest commercial banks:	Total assets	Percent to total
Union Planters National Bank & Trust Co.	222,173	46.96
First National Bank	157,337	33.26
The National Bank of Commerce	82,297	17.40
Commercial & Industrial Bank	7,909	1.67
State Savings Bank	3,382	.71
Total 5 commercial banks	473,098	100.00

[fol. 6476] Banks in—Reserve City of Nashville, Tennessee

(Amounts in thousands of dollars)

June 30, 1956

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
First American National Bank [1]	232,837	38.72	38.58
Third National Bank	191,061	31.78	31.65
Commerce Union Bank	128,847	21.43	21.35
Nashville Bank & Trust Company	28,844	4.80	4.78
Broadway National Bank	19,683	3.27	3.26
Total 5 largest banks	601,272	100.00	99.62
Total 1 other bank	2,323		.38
Total 6 commercial banks	603,595		100.00

[1] Formerly The American National Bank.

June 29, 1946

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
American National Bank	192,499	47.36	47.18
Third National Bank	94,777	23.32	23.23
Commerce Union Bank	81,611	20.08	20.00
Nashville Trust Company [1]	21,136	5.20	5.18
Broadway National Bank	16,418	4.04	4.02
Total 5 largest banks	406,441	100.00	99.61
Total 1 other bank	1,600		.39
Total 6 commercial banks	408,041		100.00

[1] Title changed May 8, 1956 to Nashville Bank & Trust Company.

[fol. 6477] Banks in—Reserve City of Dallas, Texas

(Amounts in thousands of dollars)

June 30, 1956

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
First National Bank [1]	778,181	39.49	35.84
Republic National Bank [2]	764,549	38.80	35.21
Mercantile National Bank	320,033	16.24	14.74
Texas Bank & Trust Co.	73,026	3.71	3.36
Oak Cliff Bank & Trust Co.	34,733	1.76	1.60
Total 5 largest banks	1,970,522	100.00	90.75
Total 18 all other banks [3]	200,736		9.25
Total 23 commercial banks	2,171,258		100.00

[1] Aug. 7, 1954 took over Dallas National Bank by consolidation—assets $94,409,000.

[2] Dec. 11, 1954 took over National City Bank by consolidation—assets $48,539,000. The latter bank was a conversion of the Liberty State Bank, Dec. 28, 1946.

[3] Includes 3 national banks, 2 of which began business after June 30, 1946; also includes 1 State bank which in 1954 was a conversion of a national bank having assets of $11,906,000. Excludes 1 State bank which became an investment company subsequent to 1951.

June 29, 1946

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
First National Bank	327,944	35.15	31.63
Republic National Bank	280,510	30.07	27.06
Mercantile National Bank	193,173	20.70	18.63
Dallas National Bank	85,269	9.14	8.22
Liberty State Bank	46,099	4.94	4.45
Total 5 largest banks	932,995	100.00	89.99
Total 14 all other banks [1]	103,818		10.01
Total 19 commercial banks	1,036,813		100.00

[1] Includes 2 national banks.

[fol. 6478] Banks in—Reserve City of El Paso, Texas

(Amounts in thousands of dollars)

June 30, 1956

Largest commercial banks:	Total assets	Percent to total
State National Bank	111,699	47.10
El Paso National Bank	102,939	43.41
Southwest National Bank	14,815	6.25
First State Bank	7,695	3.24
Total 4 commercial banks	237,148	100.00

June 29, 1946

Largest commercial banks:	Total assets	Percent to total
State National Bank	76,043	56.37
El Paso National Bank	58,852	43.63
Total 2 commercial banks	134,895	100.00

[fol. 6479] Banks in—Reserve City of Fort Worth, Texas

(Amounts in thousands of dollars)

June 30, 1956

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Fort Worth National Bank	276,168	42.33	37.39
First National Bank	261,539	40.09	35.41
Continental National Bank	86,718	13.29	11.74
West Side State Bank	14,314	2.19	1.94
The Bank of Commerce[1]	13,685	2.10	1.85
Total 5 largest banks	652,424	100.00	88.33
Total 10 all other banks[2]	86,228		11.67
Total 15 commercial banks	738,652		100.00

[1] Formerly Trinity State Bank; title changed Feb. 8, 1955.
[2] Includes 1 national bank; excludes Fraternal Bank & Trust Company, an unincorporated private bank for which no figures are available in 1956.

June 29, 1946

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Forth Worth National Bank	178,633	44.43	43.62
First National Bank	142,462	35.44	34.79
Continental National Bank	68,168	16.96	16.64
Union Bank & Trust Company	7,357	1.83	1.80
North Fort Worth State Bank	5,377	1.34	1.31
Total 5 largest banks	401,997	100.00	98.16
Total 3 all other banks[1]	7,525		1.84
Total 8 commercial banks	409,522		100.00

[1] Includes 1 national bank.

[fol. 6480] Banks in—Reserve City of Houston, Texas

(Amounts in thousands of dollars)

June 30, 1956

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
First City National Bank[1]	659,708	39.60	32.90
The National Bank of Commerce	388,880	23.34	19.39
The Bank of the Southwest N. A.[2]	340,565	20.45	16.98
Texas National Bank[3]	220,022	13.21	10.97
Houston National Bank	56,687	3.40	2.83
Total 5 largest banks	1,665,862	100.00	83.07
Total 27 all other bank[4]	339,445		16.93
Total 32 commercial banks	2,005,307		100.00

[1] Formerly The City National Bank which took over the First National Bank by consolidation on Mar. 30, 1956—assets $279,143,000.

[2] Formerly Second National Bank.

[3] Formerly South Texas National Bank which took over the Union National Bank by consolidation May 29, 1953—assets $82,312,000. Prior to Feb. 1, 1949 the title of the bank was South Texas Commercial National Bank.

[4] Includes 5 national banks.

June 29, 1946

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
First National Bank	198,681	25.72	20.30
The National Bank of Commerce	173,847	22.50	17.76
Second National Bank	165,274	21.39	16.88
City National Bank	124,563	16.12	12.73
South Texas Commercial National Bank	110,271	14.27	11.27
Total 5 largest banks	772,636	100.00	78.94
Total 11 all other banks[1]	206,176		21.06
Total 16 commercial banks	978,812		100.00

[1] Includes 3 national banks.

[fol. 6481] Banks in—Reserve City of San Antonio, Texas

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
The National Bank of Commerce...	161,311	33.84	27.72
Frost National Bank..........	158,191	33.18	27.18
Alamo National Bank............	91,225	19.13	15.67
Groos National Bank...........	34,519	7.24	5.93
Bexar County National Bank.......	31,491	6.61	5.41
Total 5 largest banks..............	476,737	100.00	81.91
Total 11 all other banks[1]...........	105,266		18.09
Total 16 commercial banks.........	582,003		100.00

[1] Includes 3 national banks.

Note.—Excludes San Antonio Loan & Trust Company (without banking or discount privileges)—assets $16,068,000.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Frost National Bank............	131,542	36.68	32.84
The National Bank of Commerce...	100,249	27.95	25.03
Alamo National Bank...........	81,316	22.68	20.30
Groos National Bank...........	24,969	6.96	6.23
Bexar County National Bank.......	20,561	5.73	5.13
Total 5 largest banks..............	358,637	100.00	89.53
Total 6 all other banks[1]...........	41,936		10.47
Total 11 commercial banks.........	400,573		100.00

[1] Includes 3 national banks.

Note.—Excludes San Antonio Loan and Trust Company (without banking privileges) assets—$10,667,000.

[fol, 6482] **Banks in—Reserve City of Ogden, Utah***

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to total
Largest commercial banks:		
First Security Bank of Utah, N. A.	93,896	67.54
Commercial Security Bank	34,807	25.04
Bank of Utah	10,315	7.42
Total 3 commercial banks	139,018	100.00

* Terminated as a reserve city March 1, 1948. However, for reserve purposes First Security Bank of Utah, N. A. was classified April 30, 1948, as a reserve-city bank since it has a branch located in the reserve city of Salt Lake City.

June 29, 1946

	Total assets	Percent to total
Largest commercial banks:		
First Security Bank of Utah, N. A.	74,186	74.7[illegible]
Commercial Security Bank	25,062	25.52
Total 2 commercial banks	99,248	100.00

[fol. 6483] Banks in—Reserve City of Salt Lake City, Utah

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Walker Bank & Trust Company	131,084	26.42	24.47
First Security Bank of Utah, N. A. (Branch)[1]	129,205	26.04	24.12
First National Bank[2]	119,737	24.13	22.36
Continental Bank & Trust Company[3]	71,896	14.49	13.42
Zions Savings Bank & Trust Company	44,275	8.92	8.27
Total 5 largest banks	496,197	100.00	92.64
Total 3 all other banks	39,396		7.36
Total 8 commercial banks	535,593		100.00

[1] Treated as a unit bank for comparative purposes since the head office is in another reserve city.

[2] Formerly Utah State National Bank.

[3] Conversion of Continental National Bank & Trust Co. into State bank Feb. 1, 1952—assets $55,771,000.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Walker Bank & Trust Company	79,072	28.20	24.55
Utah State National Bank	76,078	27.13	23.62
First National Bank[1]	59,308	21.15	18.41
Continental National Bank & Trust Co.	33,553	11.96	10.42
Zions Savings Bank & Trust Co.	32,418	11.56	10.06
Total 5 largest banks	280,429	100.00	87.06
Total 4 all other banks	41,698		12.94
Total 9 commercial banks	322,127		100.00

[1] Consolidated with First Security Bank of Utah, National Association, Ogden, Utah Apr. 30, 1948—assets $57,455,000.

[fol. 6484] Banks in—Reserve City of Richmond, Virginia

(Amounts in thousands of dollars)

June 30, 1956

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
First & Merchants National Bank	208,522	31.95	29.60
State-Planters Bank of Commerce & Trusts [1]	205,262	31.45	29.13
The Bank of Virginia	114,559	17.55	16.26
Central National Bank	92,065	14.10	13.07
Southern Bank & Trust Co.	32,280	4.95	4.58
Total 5 largest banks	652,688	100.00	92.64
Total 5 all other banks	51,871		7.36
Total 10 commercial banks	704,559		100.00

[1] Bank of Commerce and Trusts with assets of $34,840,000 merged Jan. 3, 1956 with State-Planters Bank and Trust Co. under title of State-Planters Bank of Commerce and Trusts.

June 29, 1946

Largest commercial banks:	Total assets	Percent to 5 largest banks	Percent to total commercial banks
First & Merchants National Bank	182,353	39.96	35.44
State-Planters Bank and Trust Co.	124,690	27.33	24.24
Central National Bank	65,184	14.29	12.67
The Bank of Virginia	54,914	12.03	10.67
The Bank of Commerce & Trusts	29,176	6.39	5.67
Total 5 largest banks	456,317	100.00	88.69
Total 6 all other banks	58,180		11.31
Total 11 commercial banks	514,497		100.00

[fol. 6485] Banks in—Reserve City of Milwaukee, Wisconsin

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First Wisconsin National Bank	623,828	57.99	48.19
Marshall & Ilsley Bank	226,559	21.06	17.50
Marine Natl. Exchange Bank	146,493	13.62	11.31
Northern Bank	44,268	4.11	3.42
American State Bank	34,672	3.22	2.68
Total 5 largest banks	1,075,820	100.00	83.10
Total 14 all other banks	218,770		16.90
Total 19 commercial banks	1,294,590		100.00
Total 2 mutual savings banks	6,171		

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
First Wisconsin National Bank	619,903	64.74	56.00
Marshall & Ilsley Bank	144,538	15.10	13.06
Marine Natl. Exchange Bank	111,940	11.69	10.11
First-Wisconsin Trust Co.	62,534	6.53	5.65
Wisconsin State Bank	18,564	1.94	1.68
Total 5 largest banks	957,479	100.00	86.50
Total 14 all other banks	149,470		13.50
Total 19 commercial banks	1,106,949		100.00
Total 2 mutual savings banks	4,041		

[fol. 6486] Banks in—Reserve City of Seattle, Washington

(Amounts in thousands of dollars)

June 30, 1956

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Seattle-First National Bank	833,311	49.30	49.14
The National Bank of Commerce[1]	483,940	28.63	28.54
Peoples National Bank[2]	181,512	10.74	10.70
Pacific National Bank[3]	141,772	8.39	8.36
Seattle Trust & Savings Bank	49,712	2.94	2.93
Total 5 largest banks	1,690,247	100.00	99.67
Total 1 other bank[4]	5,664		.33
Total 6 commercial banks	1,695,911		100.00
Total 3 mutual savings banks	301,964		

[1] Purchased the West Seattle National Bank on Jan. 30, 1956—assets $4,557,000.

[2] Purchased the Magnolia State Bank Nov. 30, 1954—assets $2,649,000.

[3] Took over University National Bank by consolidation Feb. 28, 1955—assets $30,225,000.

[4] National bank.

June 29, 1946

	Total assets	Percent to 5 largest banks	Percent to total commercial banks
Largest commercial banks:			
Seattle-First National Bank	656,927	48.95	47.88
The National Bank of Commerce	397,420	29.62	28.97
Peoples National Bank	148,952	11.10	10.86
Pacific National Bank	101,143	7.54	7.37
Seattle Trust & Savings Bank	37,482	2.79	2.73
Total 5 largest banks	1,341,924	100.00	97.81
Total 2 all other banks[1]	30,093		2.19
Total 7 commercial banks	1,372,017		100.00
Total 1 mutual savings bank	166,137		

[1] National banks.

[fol. 6487]

DEFENDANTS' EXHIBIT 22

Assets of Largest Commercial Bank as Per Cent of Total Assets of all Commercial Banks in Reserve Cities and Central Reserve Cities

Percentages as of June 30, 1956, except Philadelphia, December 31, 1960, giving pro forma effect to the merger

1.	Savannah, Ga.	69.15	28.	Los Angeles, Calif.	39.19
2.	Ogden, Utah	67.54	29.	Nashville, Tenn.	38.58
3.	Cedar Rapids, Iowa	66.04	30.	Minneapolis, Minn.	38.31
4.	Birmingham, Ala.	63.35	31.	Fort Worth, Tex.	37.39
5.	Pittsburgh, Pa.	60.04	32.	Philadelphia	36.16
6.	Toledo, Ohio	59.12	33.	Dallas, Tex.	35.84
7.	San Francisco, Calif.	58.71	34.	Atlanta, Ga.	35.19
8.	Charlotte, N. C.	56.21	35.	Kansas City, Mo.	34.79
9.	Helena, Mont.	55.85	36.	Jacksonville, Fla.	34.76
10.	St. Paul, Minn.	55.65	37.	Little Rock, Ark.	33.92
11.	Boston, Mass.	54.03	38.	Cincinnati, Ohio	33.77
12.	Columbus, Ohio	53.46	39.	Houston, Tex.	32.90
13.	Buffalo, N. Y.	52.72	40.	Des Moines, Iowa	31.17
14.	Pueblo, Colo.	50.42	41.	Louisville, Ky.	30.70
15.	Seattle, Wash.	49.14	42.	Washington, D. C.	30.51
16.	Oklahoma City, Okla.	48.31	43.	Richmond, Va.	29.60
17.	Milwaukee, Wis.	48.19	44.	Topeka, Kans.	28.73
18.	Omaha, Nebr.	47.93	45.	St. Louis, Mo.	27.79
19.	Portland, Oreg.	47.83	46.	San Antonio, Tex.	27.72
20.	Wichita, Kans.	47.60	47.	Chicago, Ill.	25.78
21.	El Paso, Tex.	47.10	48.	Sioux City, Iowa	25.63
22.	Cleveland, Ohio	46.91	49.	Salt Lake City, Utah	24.47
23.	Detroit, Mich.	46.23	50.	Kansas City, Kans.	24.15
24.	Memphis, Tenn.	45.73	51.	Baltimore, Md.	23.14
25.	Tulsa, Okla.	42.27	52.	Denver, Colo.	22.48
26.	Indianapolis, Ind.	41.09	53.	New York, N. Y.	20.99
27.	New Orleans, La.	39.93			

Sources: Philadelphia: Defendants' Ex. for identification;
All other: Study by the Comptroller of the Currency of bank concentration in Reserve and Central Reserve cities, provided to Defendants by The Department of Justice.

Note: The Philadelphia percentage shown is based upon a total assets figure which includes all assets of Brown Brothers Harriman & Co. and First Camden Bank & Trust Co., no classification of the assets of these banks into Philadelphia and non-Philadelphia assets being available.

[fol. 6488]

DEFENDANTS' EXHIBIT 23

Assets of Five Largest Commercial Banks as Per Cent of Total Assets of Commercial Banks in Reserve Cities and Central Reserve Cities

Percentages as of June 30, 1956, except Philadelphia, December 31, 1960, giving pro forma effect to the merger

1. Pueblo, Colo.	100.00	28. Pittsburgh, Pa.	93.19
2. Cedar Rapids, Iowa	100.00	29. San Francisco, Calif.	92.95
3. New Orleans, La.	100.00	30. Salt Lake City, Utah	92.64
4. Helena, Mont.	100.00	31. Richmond, Va.	92.64
5. Buffalo, N. Y.	100.00	32. Topeka, Kans.	92.37
6. El Paso, Tex.	100.00	33. Tulsa, Okla.	92.20
7. Ogden, Utah	100.00	34. Des Moines, Iowa	91.09
8. Portland, Oreg.	99.78	35. Dallas, Tex.	90.75
9. Seattle, Wash.	99.67	36. Boston, Mass.	90.20
10. Nashville, Tenn.	99.62	37. Louisville, Ky.	88.93
11. Little Rock, Ark.	99.38	38. Fort Worth, Tex.	88.33
12. Birmingham, Ala.	99.33	39. Oklahoma City, Okla.	88.19
13. Memphis, Tenn.	98.97	40. Minneapolis, Minn.	87.95
14. Cleveland, Ohio	97.74	41. Baltimore, Md.	86.53
15. Toledo, Ohio	97.61	42. St. Paul, Minn.	83.95
16. Cincinnati, Ohio	97.50	43. Philadelphia	83.82
17. Savannah, Ga.	97.33	44. Milwaukee, Wis.	83.10
18. Charlotte, N. C.	97.30	45. Houston, Tex.	83.07
19. Columbus, Ohio	97.26	46. San Antonio, Tex.	81.91
20. Detroit, Mich.	96.68	47. Kansas City, Mo.	78.80
21. Indianapolis, Ind.	96.54	48. Denver, Colo.	75.80
22. Jacksonville, Fla.	94.90	49. Washington, D. C.	74.41
23. Wichita, Kans.	94.37	50. St. Louis, Mo.	73.21
24. Sioux City, Iowa	94.05	51. Kansas City, Kans.	69.37
25. Omaha, Nebr.	93.92	52. Chicago, Ill.	66.61
26. Atlanta, Ga.	93.71	53. New York, N. Y.	65.84
27. Los Angeles, Calif.	93.44		

Sources: Philadelphia: Defendants' Ex. 21 for identification;
All other: Study by the Comptroller of the Currency of bank concentration in Reserve and Central Reserve cities, provided to Defendants by The Department of Justice.

Note: The Philadelphia percentage shown is based upon a total assets figure which includes all assets of Brown Brothers Harriman & Co. and First Camden Bank & Trust Co., no classification of the assets of these banks into Philadelphia and non-Philadelphia assets being available.

DEFENDANTS' EXHIBIT 24

Lending Limit Data
12/31/60

National Bank	Name	City	State	Population of City	Lending Limit
Banks with Lending Limits Over $38,097,831					
1	First National City Bank	New York	N.Y.	7,781,984	$62,480,000
2	Chase Manhattan Bank	New York	N.Y.	7,781,984	56,787,925
3	Bank of America N.T. & S.A.	San Francisco	Calif.	742,855	55,000,000
	Bank of America N.T. & S.A.	Los Angeles	Calif.	2,479,015	55,000,000
4	Morgan Guaranty Trust Co.	New York	N.Y.	7,781,984	42,500,000
Banks with Lending Limits Over $35,642,978					
As above					
Banks with Lending Limits Over $15,000,000					
As above plus					
5	Chemical Bank New York Trust Co.	New York	N.Y.	7,781,984	35,000,000
6	Continental Illinois Bank & Trust Co.	Chicago	Ill.	3,550,404	27,500,000
7	First National Bank of Chicago	Chicago	Ill.	3,550,404	27,000,000
8	Mellon National Bank & Trust Co.	Pittsburgh	Pa.	604,332	25,253,328
9	Bankers Trust Co.	New York	N.Y.	7,781,984	24,107,900
10	Manufacturers Trust Co.	New York	N.Y.	7,781,984	20,078,000
11	Security First Natonal Bank	Los Angeles	Calif.	2,479,015	17,000,000
12	First National Bank of Boston	Boston	Mass.	697,197	16,000,000
13	Wells Fargo Bank American Trust Co.	San Francisco	Calif.	742,855	15,081,334
Banks with Lending Limits Over $8,000,000**					
As above plus					
14	Hanover Bank	New York	N.Y.	7,781,984	14,500,000
15	National Bank of Detroit	Detroit	Mich.	1,670,144	14,000,000
16	Irving Trust Co.	New York	N.Y.	7,781,984	11,552,352
17	Cleveland Trust Co.	Cleveland	Ohio	876,050	11,000,000
18	Crocker-Anglo National Bank	San Francisco	Calif.	742,855	10,613,250
19	Republic National	Dallas	Texas	679,684	10,500,000
20	Pittsburgh National Bank	Pittsburgh	Pa.	604,332	8,100,000

Sources: Moody's Bank & Finance Manual 1961, p. a28; Polk's Bank Directory March 1961; Compilation of Capital Funds, Republic National, Dallas.

[fol. 6490]

Philadelphia Banks with Lending Limits Over $1,000,000

National Bank	Name	City	State	Population of City	Lending Limit
21	Philadelphia National Bank	Philadelphia	Pa.	2,002,512	$ 8,000,000
22	First Pennsylvania Banking & Trust Co.	Philadelphia	Pa.	2,002,512	7,704,850
25	Girard Trust Corn Exchange Bank	Philadelphia	Pa.	2,002,512	6,000,000
34	Provident Tradesmens Bank & Trust Co.	Philadelphia	Pa.	2,002,512	5,000,000
54	Fidelity-Philadelphia Trust Co.	Philadelphia	Pa.	2,002,512	3,750,000
Over 100	Central-Penn National Bank	Philadelphia	Pa.	2,002,512	2,139,600
Over 100	Brown Brothers, Harriman & Co.	Philadelphia	Pa.	2,002,512	1,888,528*
Over 100	Broad Street Trust Co.	Philadelphai	Pa.	2,002,512	1,160,000
					$35,642,978

Banks with Head Offices or Branches in Philadelphia (excluding First Camden National)

	City	State	Population of City	Lending Limit
As above plus:				$35,642,978
Liberty Real Estate Bank & Trust Co.	Philadelphia	Pa.	2,002,512	726,000
Finance Co. of Pennsylvania	Philadelphia	Pa.	2,002,512	457,853
Industrial Trust Co.	Philadelphia	Pa.	2,002,512	417,500
Frankford Trust Co.	Philadelphia	Pa.	2,002,512	330,000
Second National Bank	Philadelphia	Pa.	2,002,512	300,000
Pennsylvania Warehousing & Safe Deposit Co.	Philadelphia	Pa.	2,002,512	150,000
Citizens & Southern Bank	Philadelphia	Pa.	2,002,512	34,500
Sonsitaly Bank & Trust Co.	Philadelphai	Pa.	2,002,512	30,000
Marian Bank	Philadelphia	Pa.	2,002,512	9,000
				$38,097,831

Excluded Banks & Trust Companies
Glenmede Trust Co.—Trust Powers Only

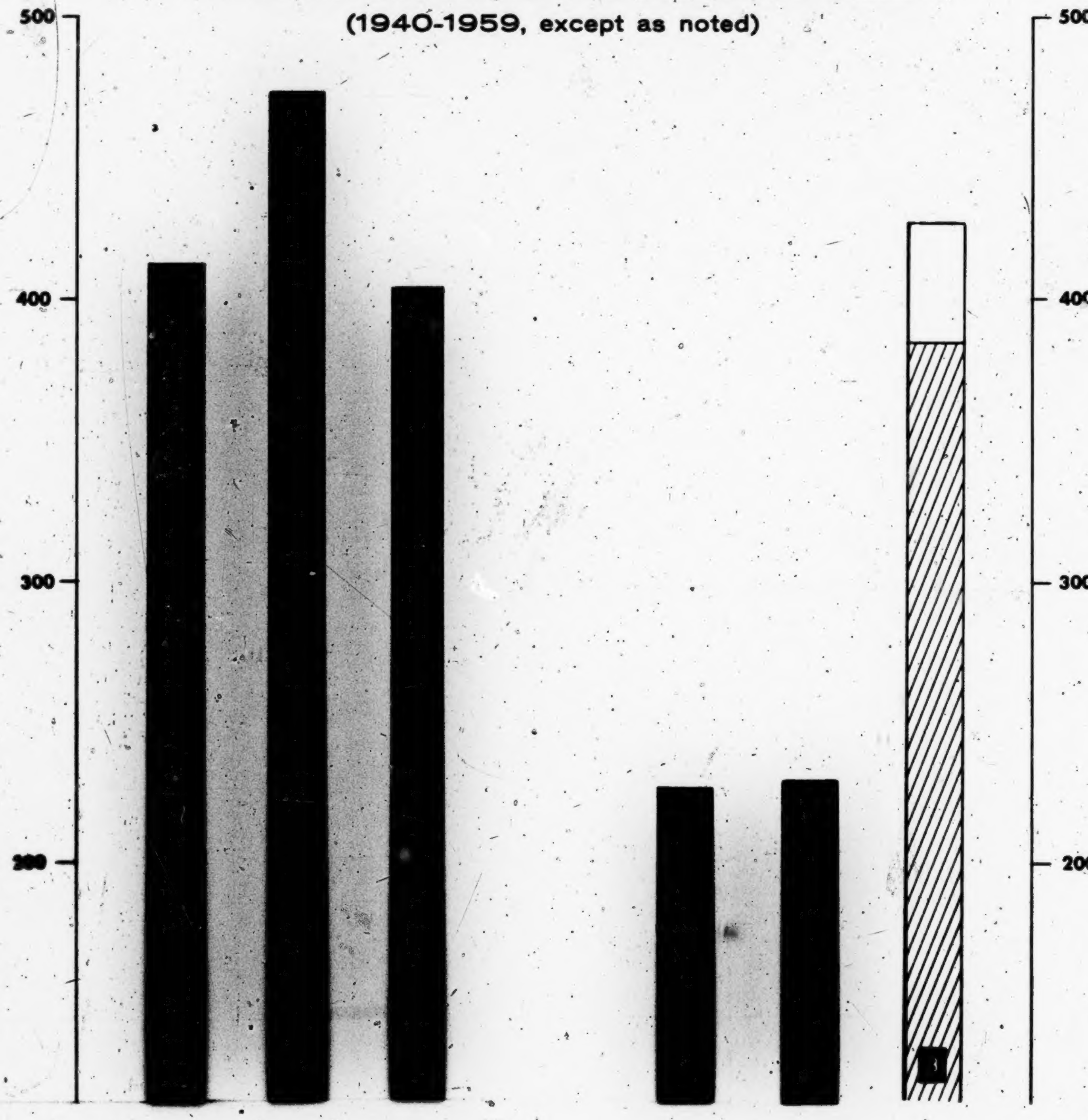
Sources: Polk's Bank Directory March 1961; Moody's Bank & Finance Manual 1961; Compilation of Capital Funds, Republic National, Dallas.

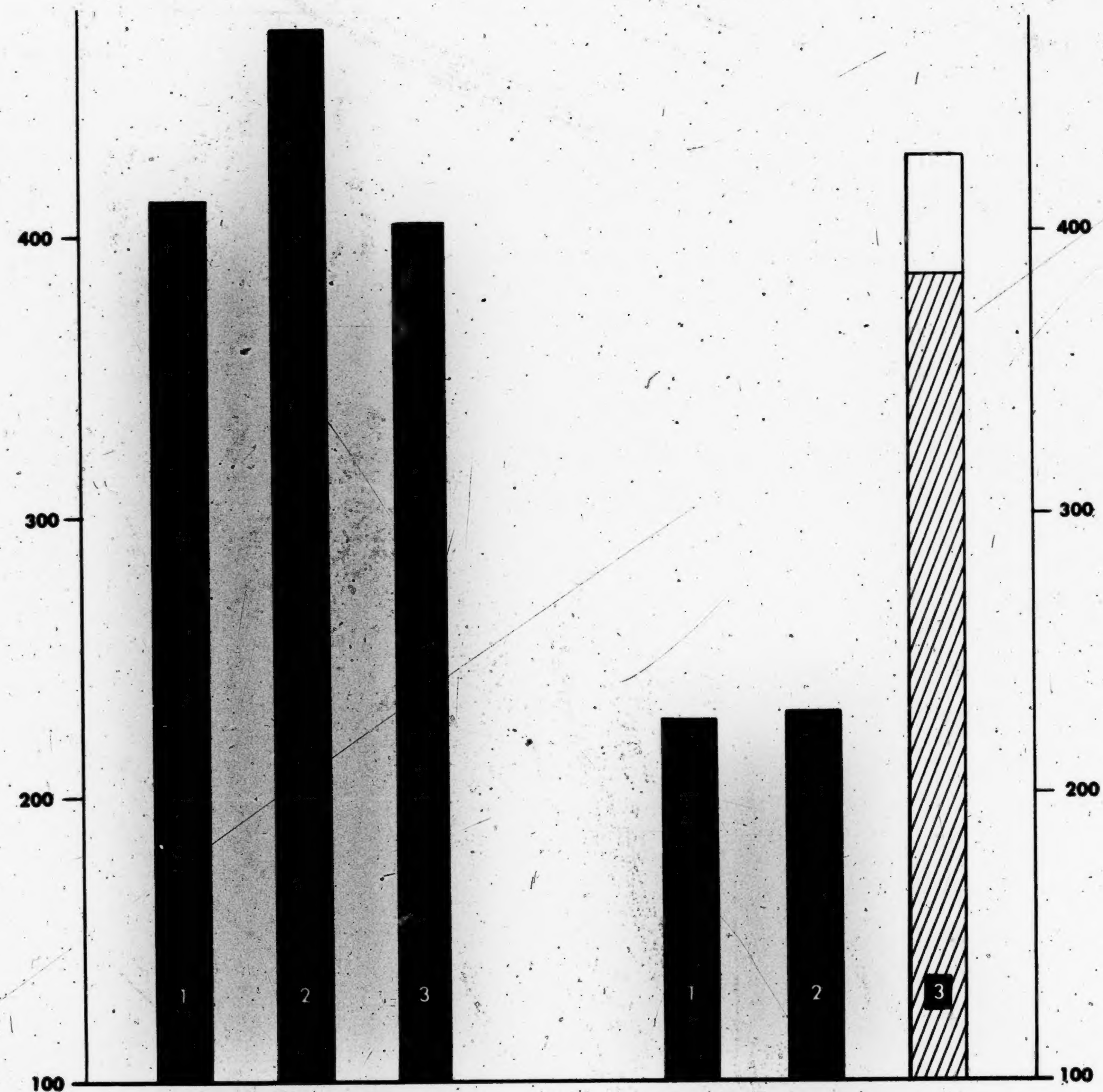
* Additional $193,172 lending limit available per state call reports

** Note: United California Bank, formed by the merger of California Bank and First Western on 2/24/61, had a lending limit of $12,504,800 as of 2/28/61. As of 12/31/60, California Bank had a limit of $5,500,321 and First Western has a limit of $6,000,000.

[fol. 6491]

A COMPARISON OF GENERAL ECONOMIC GROWTH WITH BANK GROWTH IN THE DELAWARE VALLEY (1940-1959, except as noted)





GENERAL ECONOMIC GROWTH INDICATORS

1. Total sales, large corporations
2. Value added by manufacture (1939-1957)
3. Personal income (1940-1957)

BANK GROWTH INDICATORS

1. Total assets, Phila. commercial banks
2. Lending limit, PNB
3. Lending limit, PNB-GIRARD (pro forma)

[fol. 6492] A Comparison of General Economic Growth with Bank Growth in the Delaware Valley

(1940–1959, except as noted)

I—General Economic Growth Indicators

	Amount (Millions)			Index (1940 = 100)		
	1940	1950	1959	1940	1950	1959
Total Sales of:						
21 Large Industrials	$2,033	$5,870	$8,672	100	289	427
3 Large Merchandising Firms	199	787	1,884	100	395	947
2 Large Utilities	116	212	400	100	183	345
2 Large Transportation Companies	542	1,049	995	100	194	184
	$2,890	$7,918	$11,951	100	274	414

	Amount (Millions)				Index (1939 = 100)			
	1939	1947	1954	1957	1939	1947	1954	1957
Value Added by Manufacture in Phila. Std. Metropolitan Area	$1,037	$2,773	$4,024	$4,891	100	267	388	472

	Amount (Millions)			Index (1940 = 100)		
	1940	1950	1957	1940	1950	1957
Personal Income in Phila. Std. Metropolitan Area						
Manufacturing	$ 691	$1,932	$2,988	100	280	432
Wholesale & retail trade	424	1,117	1,535	100	263	362
All other	878	2,163	3,547	100	246	404
Total	$1,993	$5,212	$8,070	100	262	405

	Amount (Millions)			Index (1950 = 100)		
	1940	1950	1959	1940	1950	1959
II—Bank Growth Indicators						
Total Assets of All Commercial Banks in Phila.	$2,191	$3,890	$4,964	100	178	227
Lending Limits of:						
Philadelphia National	$3.5	$5.0	$8.0	100	143	229
PNB—Girard (Pro forma)			13.5(1)			386
PNB—Girard (Pro forma)			15.0(1)			429

Note (1). $13.5 million represents the combined lending limit of Philadelphia-Girard, had these two banks been consolidated at the end of 1959. The actual proposed lending limit is $15 million, which produces and Index number of 429, considering 1940 as 100.

Sources: See Attached Source Notes.

[fol. 6492] A Comparison of General Economic Growth with Bank Growth in the Delaware Valley

(1940–1959, except as noted)

I—General Economic Growth Indicators

	Amount (Millions)			Index (1940 = 100)		
	1940	1950	1959	1940	1950	1959
Total Sales of:						
21 Large Industrials	$2,033	$5,870	$8,672	100	289	427
3 Large Merchandising Firms	199	787	1,884	100	395	947
2 Large Utilities	116	212	400	100	183	345
2 Large Transportation Companies	542	1,049	995	100	194	184
	$2,890	$7,918	$11,951	100	274	414

	Amount (Millions)				Index (1939 = 100)			
	1939	1947	1954	1957	1939	1947	1954	1957
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Total	$1,993	$5,212	$8,070	100	262	405

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PNB—Girard (Pro forma)			15.0(1)			429

Note (1). $13.5 million represents the combined lending limit of Philadelphia-Girard, had these two banks been consolidated at the end of 1959. The actual proposed lending limit is $15 million, which produces and Index number of 429, considering 1940 as 100.

Sources: See Attached Source Notes.

[fol. 6493] Source Notes Accompanying Comparison of General Economic Growth in the Delaware Valley with Bank Growth.

The figures for "Value Added by Manufacture" appear in the Economic Almanacs for 1950 and 1960 published by the National Industrial Conference Board. The figures for "Personal Income In The Philadelphia Standard Metropolitan Area" appear in the "Report of the Comprehensive Survey of the Water Resources of the Delaware River Basin, Appendix B, Economic Base Survey", prepared by the United States Department of Commerce, Office of Business Economics, 1958, (p. 91, table 29). The figures for "Total Assets of all Commercial Banks" appear in the "Official Statement to the Controller of the Currency and to the Secretary of Banking, Commonwealth of Pennsylvania" as of December 31, 1940, December 31, 1950 and December [illegible], 1959. These official statements are published by the Legal Intelligencer, Philadelphia, Pa.

The figures for the twenty-one large industrials, the three merchandising firms, the two utilities and the two transportation companies were derived in the following manner:

The names of the companies were selected from "The 1960 Directory of the five hundred largest U. S. Industrial Corporations, and the fifty largest Banks, Merchandising, Transportation, Life Insurance and Utility Companies", published by Fortune Magazine in August 1960. From the list of the companies appearing in this directory all companies whose headquarters are nearer to Philadelphia than any other financial center and for whom published sales figures are available for the years 1940, 1950 and 1959, were selected. The sales figures for each of the selected companies appear in Moody's Manuals for the years 1941, 1951 and 1960.

The sales figures appearing on page one represent the total sales of all of the companies in each of the four groups for each year in question. The names of the individual companies, together with the individual sales figures for each year in question appear on the following pages.

Seven industrial companies whose headquarters are nearer Philadelphia than any other major financial center

and who are among the five hundred largest United States Industrial Corporations were excluded from the list of Industrial Companies because published sales figures were not available for the three years in question. The names of these companies together with the sales figures for them which are published in Moody's Manual also appear in the accompanying pages.

[fol. 6494] Large Industrials with Headquarters Nearer to Philadelphia than to Any Other Major Financial Center (Sales for 1940, 1950 and 1959, and Indices of Growth)

	Sales (Millions)			Index (1940 = 100)		
	1940	1950	1959	1940	1950	1959
21 Industrials						
Alan Wood Steel	$ 24	$ 45	$ 81	100	191	344
American Viscose	63	268	240	100	426	382
Armstrong Cork	57	187	291	100	326	507
Atlantic Refining	134	478	541	100	356	403
Baldwin-Lima-Hamilton	75	94	137	100	125	182
Bethlehem Steel	764	1,440	2,056	100	189	269
Budd Co.	53	290	322	100	545	604
Certain-teed Products	19	56	101	100	301	542
Crown Cork & Seal	34	89	123	100	265	365
Curtis Publishing	48	149	243	100	314	512
Du Pont	359	1,298	2,144	100	361	597
Electric Storage Battery	33	92	145	100	276	436
Harsco	5	9	94	100	185	1,958
Hercules Powder	52	160	284	100	306	541
Hershey Chocolate	44	149	167	100	337	379
Lehigh Portland Cement	17	44	101	100	262	595
Lukens Steel	19	53	83	100	281	442
Pennsalt Chemical	13	40	88	100	320	700
Philco Corp.	52	335	398	100	641	761
Scott Paper	20	98	297	100	479	1,457
Sun Oil	148	496	736	100	336	498
	$2,033	$5,870	$8,672	100	289	427

7 Industrials Not Included Because of Inadequate Sales Data.

	Sales (Millions)		
	1940	1950	1959
Campbell Soup	N.A.	N.A.	$497
I.T.E. Circuit Breaker	N.A.	$ 35	119
James Lees & Sons	N.A.	72	84
Rohm & Haas	N.A.	59	216
Smith Kline & French	N.A.	39	135
Standard Pressed Steel	N.A.	21	89
Thiokol Chemical	N.A.	3	910

[fol. 6495] Large Merchandising Firms, Utilities and Transportation Companies with Headquarters Nearer to Philadelphia than to any Other Major Financial Center

Sales for 1940, 1950 and 1959, and Indices of Growth

	Sales (Millions)			Index (1940 = 100)		
	1940	1950	1959	1940	1950	1959
3 Merchandising Firms						
American Stores	$125	$417	$ 875	100	334	701
City Stores	45	205	275	100	454	608
Food Fair Stores	29	165	734	100	564	2,514
	$199	$787	$1,884	100	395	947
2 Utilities						
Penna. Power & Light	41	78	138	100	191	338
Philadelphia Electric	75	134	262	100	179	347
	$116	$212	$400	100	183	345
2 Transportation Companies						
Pennsylvania Railroad	478	930	888	100	195	186
Reading Company	64	119	107	100	187	168
	$542	$1,049	$995	100	194	184

[fol. 6496]

DEFENDANTS' EXHIBIT 26 (Revised)

Excess of Average Deposits Over Average Loans of all PNB Customers with Credit Lines of $8,000M or More

Customer	Amount of Line	Average Deposits 1960	Average Loans 1960	Excess of Deposits Over Loans
1	$ 8,000,000	$ 5,723,000	$ 38,000	$ 5,685,000
2	8,000,000	2,392,000	—	2,392,000
3	8,000,000	2,041,000		2,041,000
4	8,000,000	986,000	672,000	314,000
5	8,000,000	3,422,000	—	3,422,000
6	8,000,000	838,000	1,669,000	(831,000)
7	8,000,000	1,666,000	—	1,666,000
8	8,000,000	1,671,000	—	1,671,000
9	8,000,000	1,380,000	—	1,380,000
10	8,000,000	200,000	—	200,000
11	8,000,000	1,344,000	2,897,000	(1,553,000)
12	8,000,000	1,199,000	544,000	655,000
13	8,000,000	1,445,000	1,114,000	331,000
14	8,000,000	7,698,000	2,345,000	5,353,000
15	8,000,000	157,000	—	157,000
16	8,000,000	8,559,000	2,542,000	6,017,000
17	9,000,000 (a)	7,023,000	3,388,000	3,635,000
18	9,600,000 (a)	5,599,000	1,167,000	4,432,000
19	23,500,000 (a)	12,348,000	218,000	
			9,951,000 C. P.	2,179,000
20	8,000,000	1,185,000	648,000	537,000
21	8,000,000	118,000	184,000	(66,000)
22	8,000,000	5,932,000 (b)	—	5,932,000
23	8,000,000	4,024,000	—	4,024,000
24	8,000,000	10,508,000	3,250,000	
			2,713,000 C. P.	4,545,000
25	8,000,000	2,306,000	1,385,000	921,000
26	8,000,000	11,665,000	10,838,000	827,000
27	8,000,000	2,078,000	351,000	
			5,884,000 C. P.	(4,157,000)
Total	$234,100,000	$103,507,000	$51,798,000	$51,709,000

Deposits as % of Loans 199.8%

(a) Amount in excess of $8,000,000 is exempted from the requirement of being included within the lending limit by one or more of the exceptions set forth in Revised Statutes of the United States, Section 5200.

(b) Excludes time deposits, averaging $2,164,000 during 1960.

[fol. 6497]

DEFENDANTS' EXHIBIT 27

Relative Growth of Assets of Selected Financial Institutions in the United States 1945–1959

(Dollar Amounts in Billions)

	Insured Commercial Banks	Life Insurance Companies	Savings and Loan Associations	Mutual Savings Banks	Credit Unions	Open-End Investment Companies
12/31/45	$157.5	$ 44.8	$ 8.7	$16.9	$0.4	$ 1.3 (a)
12/31/59	242.8	113.6	63.5	38.9	4.9	15.8
% Increase 1945–1959	54.2%	153.6%	629.9%	130.2%	1125.0%	1115.4%

(a) 1946

Sources: *Federal Reserve Bulletin;* Credit Union Yearbook, 1960; Wiesenberger, *Investment Companies*, 1960.

[fol. 6498]

DEFENDANTS' EXHIBIT 29

Ratio of Loans to Assets for Insured Commercial Banks in the U. S., June 10, 1959

(Grouped by deposit size)

Size of Bank ($ millions)	Ratio Loans to Assets
All banks	44.4
Less than $1	39.8
$ 1– 2	39.7
$ 2– 5	39.1
$ 5– 10	39.7
$ 10– 25	40.4
$ 25– 50	41.4
$ 50– 100	42.3
$100– 250	44.5
$250– 500	46.1
$500–1,000	46.6
$1,000 or more	49.0

Source: Annual Report of the FDIC for December 31, 1959, Table 21, pp. 54–56.

[fol. 6499]

Defendants' Exhibit 30

Amount of Time and Savings Deposits—Daily Average for June 1960 Distributed According to Location of Customer

Type of Deposit	In 4 County Area (millions)			Outside 4 County Area (millions)			Total (millions)			% Outside 4 County Area		
	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total
1. Savings deposits, individuals												
Under $10,000 each	$87.2	100.4	187.6	5.1	2.7	7.8	92.3	103.1	195.4	5.5	2.6	4.0
$10,000 each & over	3.0	.1	3.1	—	—	—	3.0	.1	3.1	—	—	—
Total	90.2	100.5	190.7	5.1	2.7	7.8	95.3	103.2	198.5	5.3	2.6	3.9
2. Time deposits, partnerships and corporations												
Under $10,000 each	.1	.1	.2	—	—	—	.1	.1	.2	—	—	—
$10,000 and over	6.0	7.0	13.0	4.5	1.8	6.3	10.5	8.8	19.3	42.9	20.5	32.6
Total	6.1	7.1	13.2	4.5	1.8	6.3	10.6	8.9	19.5	42.4	20.2	32.4
3. Time deposits, Foreign Banks (all over $10,000 each)	—	—	—	13.4	1.7	15.1	13.4	1.7	15.1	100.0	100.0	100.0
4. Time deposits, Domestic Banks (all over $10,000 each)	1.0	9.5	10.5	—	1.3	1.3	1.0	10.8	11.8	—	12.0	11.0
5. Time deposits, States and Political Subdivisions (all over $10,000 each)	5.0	3.5	8.5	.3	.2	.5	5.3	3.7	9.0	5.7	5.4	5.6
Total Time & Savings Deposits	102.3	120.6	222.9	23.3	7.7	31.0	125.6	128.3	253.9	18.6	6.0	12.2

[fol. 6500]

Amount of Demand Deposits—Daily Average for June 1960 Distributed According to Location of Customer

DEFENDANTS' EXHIBIT 30

Amount of Time and Savings Deposits—Daily Average for June 1960 Distributed According to Location of Customer

Type of Deposit	In 4 County Area (millions)			Outside 4 County Area (millions)			Total (millions)			% Outside 4 County Area		
	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total
1. Demand deposits, individual												
Under $10,000 each	$47.8	84.9	132.7	.5	9.8	10.3	48.3	94.7	143.0	1.0	10.3	7.2
$10,000 each & over	24.0	45.6	69.6	4.5	9.2	13.7	28.5	54.8	83.3	15.8	16.8	16.4
Total	71.8	130.5	202.3	5.0	19.0	24.0	76.8	149.5	226.3	6.5	12.7	10.6
2. Demand deposits, partnerships and corporations												
Under $10,000 each	28.3	26.1	54.4	.3	3.0	3.3	28.6	29.1	57.7	1.0	10.3	5.7
$10,000 each & over	245.5	177.2	422.7	140.7	53.3	194.0	386.2	230.5	616.7	36.4	23.1	31.5
Total	273.8	203.3	477.1	141.0	56.3	197.3	414.8	259.6	674.4	34.0	21.7	29.3
3. Demand deposits, Foreign Banks	—	—	—	19.0(a)	4.7	23.7	19.0(a)	4.7	23.7	100.0	100.0	100.0
4. Demand deposits, Domestic Banks												
Under $10,000 each	—	.6	.6	.4	—	.4	.4	.6	1.0	100.0	—	40.0
$10,000 or over	14.1	40.5	54.6	154.5	35.8	190.3	168.6	76.3	244.9	91.6	46.9	77.7
Total	14.1	41.1	55.2	154.9	35.8	190.7	169.0	76.9	245.9	91.7	46.6	77.6
5. Demand deposits, U. S. Government	47.0	23.2	70.2	—	—	—	47.0	23.2	70.2	—	—	—
6. Demand deposits, States and Political Subdivisions	26.7	6.2	32.9	23.8	3.4	27.2	50.5	9.6	60.1	47.1	35.4	45.3
Total Demand Deposits	433.4	404.3	837.7	343.7	119.2	462.9	777.1	523.5	1300.6	44.2	22.8	35.6

a. Includes .4 under $10,000.

[fol. 6501]

Amount of Loans—September 21, 1960 Distributed According to Location of Customer

Type of Loan	In 4 County Area (millions)			Outside 4 County Area (millions)			Total (millions)			% Outside 4 County Area		
	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total
1. Real Estate Loans												
Under $50,000 each	29.8	17.4	47.2	5.2	.5	5.7	35.0	17.9	52.9	14.9	2.8	10.8
$50,000 each & over	17.7	11.1	28.8	11.5	4.8	16.3	29.2	15.9	45.1	39.4	30.2	36.1
Total	47.5	28.5	76.0	16.7	5.3	22.0	64.2	33.8	98.0	26.0	15.7	22.4
2a. Loans to Domestic Banks												
Under $50,000 each	—	—	—	—	—	—	—	—	—	—	—	—
$50,000 & over	1.7	—	1.7	8.1	.3	8.4	9.8	.3	10.1	82.7	100.0	83.2
Total	1.7	—	1.7	8.1	.3	8.4	9.8	.3	10.1	82.7	100.0	83.2
2a. Loans to Foreign Banks												
Under $50,000 each	—	—	—	—	1.8	1.8	—	1.8	1.8	—	100.0	100.0
$50,000 & over	—	—	—	12.7	.5	13.2	12.7	.5	13.2	100.0	100.0	100.0
Total	—	—	—	12.7	2.3	15.0	12.7	2.3	15.0	100.0	100.0	100.0
2b. Loans to Other Financial Institutions												
Under $50,000 each	—	.3	.3	—	2.3	2.3	—	2.6	2.6	—	88.5	88.5
$50,000 & over	7.7	6.4	14.1	44.0	18.5	62.5	51.7	24.9	76.6	85.1	74.3	81.6
Total	7.7	6.7	14.4	44.0	20.8	64.8	51.7	27.5	79.2	85.1	75.6	81.8
3. Loans to Purchase or Carry Securities												
Under $30,000 each	.8	—	.8	—	1.2	1.2	.8	1.2	2.0	—	100.0	60.0
$50,000 & over	.9	4.6	5.5	14.9	11.1	26.0	15.8	15.7	31.5	94.3	70.7	82.5
Total	1.7	4.6	6.3	14.9	12.3	27.2	16.6	16.9	33.5	89.8	72.8	81.2
4. Loans to Farmers												
All Under $50,000 each	.2	—	.2	—	.1	.1	.2	.1	.3	—	100.0	33.3
5. Commercial & Industrial Loans												
Under $50,000 each	16.7	21.2	37.9	5.5	10.5	16.0	22.2	31.7	53.9	24.8	33.1	29.7
$50,000 to $499,999	49.4	51.1	100.5	27.4	22.2	49.6	76.8	73.3	150.1	35.7	30.3	33.0
$500,000 & over	98.7	50.5	149.2	108.6	40.3	148.9	207.3	90.8	298.1	52.4	44.4	49.9
Total	164.8	122.8	287.6	141.5	73.0	214.5	306.3	195.8	502.1	46.2	37.3	42.7
6a-d. Loans to Individuals, Installment												
Under $50,000 each	42.2	29.0	71.2	13.9	23.7	37.6	56.1	52.7	108.8	24.8	45.0	34.6
$50,000 each & over	—	.3	.3	—	2.5	2.5	—	2.8	2.8	—	89.3	89.3
Total	42.2	29.3	71.5	13.9	26.2	40.1	56.1	55.5	111.6	24.8	47.2	35.9
6e. Loans to Individuals—Single Payment												
Under $50,000 each	12.4	30.9	43.3	4.7	4.7	9.4	17.1	35.6	52.7	27.5	13.2	17.8
$50,000 each & over	2.8	24.4	27.2	.1	6.9	7.0	2.9	31.3	34.2	3.4	22.0	20.5
Total	15.2	55.3	70.5	4.8	11.6	16.4	20.0	66.9	86.9	24.0	17.3	18.9
7. All Other Loans												
Under $50,000 each	3.6	.2	3.8	—	.1	.1	3.6	.3	3.9	—	33.3	2.6
$50,000 each & over	6.5	3.4	9.9	12.8	8.2	21.0	19.3	11.6	30.9	66.3	70.7	68.0
Total	10.1	3.6	13.7	12.8	8.3	21.1	22.9	11.9	34.8	55.9	69.7	60.6
Gross Loans 9/21/60	291.1	250.8	541.9	269.4	160.2	429.6	560.5	411.0	971.5	48.1	39.0	44.2

[fol. 6502]

DEFENDANTS' EXHIBIT 32

Time Deposits

Comparison of Defendants with Certain Other Competing Institutions Time (Including Savings) Deposits of Individuals, Partnerships and Corporations

(000 omitted in following $ amounts)

	Philadelphia		Four-County Area		Ten-County Area	
	No.	$ Amount	No.	$ Amount	No.	$ Amount
Commercial Banks with headquarters in:	13[1]	$ 613,694	49[1]	$ 784,138	116[1]	$1,335,048
Mutuals Savings-Banks with headquarters in:	4	1,883,345[2]	4	1,883,345[2]	5	1,897,692[2]
Savings and Loan and Building and Loan Associations with headquarters in:	323	900,228	421	1,257,867[3]	615	1,498,413[3]
Credit Unions with headquarters in:	30	5,700	34	6,460[4]	50	10,960[4]
Totals	370	$3,402,967	499	$3,931,810	786	$4,742,113
Philadelphia-Girard deposits, pro forma, and as % of whole		228,068(6.7%)[5]		228,068(5.8%)[5]		228,068(4.8%)[5]

Notes: 1. Source, Reports of Condition of such banks, June 15, 1960, filed with Federal Reserve or state banking authorities. Excluded are Second National Bank of Philadelphia, Brown Brothers Harriman, The Finance Company of Pennsylvania and Pennsylvania Warehousing and Safe Deposit Company because they were not included in the information submitted to defendants by Federal Reserve and other banking authorities.

2. See Schedule A.

3. See Schedule B.

4. See Schedule C. Figures are for state-chartered institutions only.

5. Source, Reports of Condition, June 15, 1960, for defendant banks filed with Federal Reserve.

[fol. 6503]

Schedule A

Savings Deposits of Mutual Savings Banks
(000 omitted in following $ amounts)

Philadelphia County

Philadelphia Saving Fund Society	$1,105,441
Western Saving Fund Society of Philadelphia	403,469
Beneficial Mutual Savings Bank	220,546
Germantown Savings Fund	153,889
Total:	$1,883,345

Chester County

Dime Savings Bank of Chester County	$ 14,347
Total:	$1,897,692

Source: *Polk's Bank Directory*, March, 1961.

[fol. 6504]

Schedule B

Savings Deposits in Savings and Loan and Building and Loan Associations
(000 omitted in following $ amounts)

Institutions with Headquarters in (County)	Number of Institutions	Aggregate Deposits
Philadelphia	323	$ 900,228
Bucks	21	62,901
Delaware	33	118,181
Montgomery	44	176,557
Total:	421	$1,257,867
Chester	24	44,346
Mercer	20	56,537
Camden	82	62,205
Burlington	22	27,464
Gloucester	22	12,779
New Castle	24	37,215
Total:	615	$1,498,413

Sources are: For the 5 counties in Pennsylvania *Statistical Summary on Savings, Building and Loan Associations in Pennsylvania*, by counties 1950-59, published by the Pennsylvania Saving and Loan League, Harrisburg, Pa. Data are as of 12/31/59 on this Schedule.

For the 4 counties in New Jersey—*Commissioner of Banking and Insurance*, Annual Report, Bureau of Banking, State of New Jersey, 1959. Data are as of 12/31/59 on this Schedule.

For New Castle County, Delaware—*41st Annual Report of the State Banking Commissioner of Delaware*, 1960, for the fiscal year ending June 30, 1960 for all state-chartered institutions, and *Greater Philadelphia Insured Savings, and Loan Associations, 1961 Official Directory*, published by The Evening and Sunday Bulletin, 1961, for one federal-chartered instititution. Data are as of 6/30/60 on this Exhibit for state-chartered institutions, and are the average of 12/31/60 data for the one federal-chartered institution.

[fol. 6505]

Schedule C

Credit Unions

Pennsylvania State-Chartered[1]
(000 omitted in following $ amounts)

	No. of Unions (1958)	Capital Shares Due to Members (1958)	
Pennsylvania	125	$ 23,658	
Philadelphia	30	5,700	(est.)[4]
Bucks, Delaware and Montgomery Counties	4	760	(est.)

New Jersey State-Chartered[2]

	No. of Unions (1959)	Capital Shares Due to Members 1959)
New Jersey	79	$ 13,200
Camden, Mercer, Gloucester and Burlington Counties	16	4,500

Delaware State-Chartered

(None)

Federal Chartered Credit Unions[3]

	No. of Unions (1959)	Capital Shares Due to Members (1959)
Pennsylvania	980	$ 16,622
New Jersey	442	82,895
Delaware	33	3,939
Total:	1,455	$103,456

Notes: 1. Source, Report of the Secretary of Banking, December 31, 1959, pp. 90–95. Dollar figures for counties are estimates based on pro rata division of total figures among the total number of unions in the state.

2. Source, Annual Report, Commissioner of Banking and Insurance, State of New Jersey, 1959, pp. 36–41.

3. Source, "Federal Credit Unions," 1959 Report of Operations, U.S. Department of Health, Education and Welfare, p. 21.

4. Estimates arrived at by taking the same proportion of the dollar total as the number of unions in each county bears to the total number of unions in the state.

[fol. 6506]

Defendants' Exhibit 34

Five Year Rate Survey of Savings Fund Interest Rates

(Dollar Figures in Thousands)

	12/31/56 $	Rate	12/31/57 $	Rate	12/31/58 $	Rate	12/31/59 $	Rate	12/31/60 $	Rate
Commercial Banks										
Girard Trust Corn Exchange Bank	$ 70,824	2%	$ 76,617	2½%	$ 89,666	2½%	$ 98,987	3%	$ 109,561	3%
First Pennsylvania Company	70,407	2	72,465	2½	92,837	2½	94,617	3	109,642	3
Philadelphia National Bank	58,585	Various*	63,876	2½	78,005	2½	86,966	3	100,816	3
Provident Tradesmens	36,974	2	40,315	2½	42,392	2½	44,106	3	51,414	3
Fidelity-Philadelphia	53,032	2	58,646	2½	65,796	2½	71,773	3	83,343	3
Central-Penn	36,192	2	37,430	2	39,571	2	41,365	3	44,264	3
Broad Street	24,088	1	23,101	1	21,595	1	19,889	1	20,092	1
Liberty Real Estate	10,719	2	12,273	2½	13,881	2½	15,745	3	18,480	3
Mutual Savings Banks										
Beneficial Mutual Savings Banks	167,495	2¾	180,182	3	199,568	3	211,896	3½	219,934	3½
Saving Fund Society of Germantown	118,922	2¾	124,844	3	135,695	3	144,528	3½	153,300	3½
Philadelphia Saving Fund Society	859,927	2¾	919,757	3	998,929	3	1,056,162	3½	1,103,288	3½
Western Saving Fund Society	300,870	2¾	326,972	3	362,476	3	382,523	3½	401,848	3½
Savings and Loan Associations										
West Philadelphia Federal Savings & Loan Association	41,202	3	45,238	3	55,677	3½	62,818	3½	71,928	4
Home Unity Savings & Loan Assn.	60,484	3½	69,968	3½	63,225	3¾	69,157	3¾	70,159	4
First Federal Savings & Loan Assn.	19,640	3	23,012	3½	30,219	3½	36,440	4	46,437	4
Third Federal Savings & Loan Assn.	19,632	3	21,140	3	22,366	3	24,003	3½	26,423	3¾
Reliance Federal Savings & Loan Assn.	3,425	3	3,539	3	3,408	3¼	3,478	3½	3,514	3¾

* PNB rate information for 1956 was given in the survey as "various".

[fol. 6507] GOVERNMENT'S EXHIBIT 36

Loan Authorities of Banks Merged with Girard Trust Corn Exchange Bank

Upper Darby National Bank—Merger—April 1958

Prior to merger, all unsecured loans over $10,000 had to be approved by the Board of Directors. Loan authorities of officers and branch managers before and after merger are indicated below.

[fol. 6507]

	Uper Darby National		Girard Trust Corn Exchange	
Name of Officer	Unsecured	Secured	Unsecured	Secured
D. L. Helfferich	$ 10.000	$100.000	$100.000	$200.000
W. H. Smock	10.000	100.000	50.000	200.000
G. L. Toole	10.000	50.000	30.000	100.000
T. E. Burns, Jr.	3.500	10.000	....	....
D. R. Simpson	3.500	10.000	....	....
G. V. Schriefer	2.000	10.000	5.000	10.000
M. D. Pintavalle	1.500	10.000	5.000	10.000
A. J. Grace	1.000	10.000	15.000	50.000
Name of Branch & Manager				
Broomall				
I. C. Holmes, Jr.	$ 750	$ 5.000	....	....
R. W. Burke	....	....	$ 2.500	$ 5.000
Drexel Hill				
J. W. Alexander	500	5.000	2.500	5.000
Drive-In				
L. D. Beiswanger	500	2.500	2.500	5.000
Havertown				
R. F. Houston	750	10.000	2.500	5.000
Lawrence Park				
E. J. Perna	750	5.000	....	....
I. C. Holmes, Jr.	....	....	2.500	5.000
Manoa				
R. S. D'Agostino	750	10.000	2.500	5.000
Newtown Square				
R. W. Walsh	750	7.500	2.500	5.000
Penn Oak				
G. E. Moffitt	750	5.000	2.500	5.000
Pilgrim Gardens				
R. D. Rupert	750	5.000	2.500	5.000
Yeadon				
C. C. Schaefer	500	7.500	....	....
J. G. Simpson	....	....	2.500	5.000

[fol. 6508] Ambler National Bank—Merger—October 1957

Prior to the merger, all loans over $5,000 were submitted to the Board of Directors. Each of the four officers at the Ambler Main Office had unsecured loan authority up to $5,000 to any one person as long as the total loans in any one week did not exceed $25,000. Loan authorities of officers and branch manager before and after merger are indicated below.

	Ambler National		Girard Trust Corn Exchange	
Name of Officer	Unsecured	Secured	Unsecured	Secured
A. Godfrey	$5,000	$50,000	....	....
W. Reller	5,000	50,000	$50,000	$200,000
H. B. Cox, Jr.	5,000	50,000	....	....
J. G. Klee	5,000	50,000	15,000	50,000
Manager—Flourtown Office	1,000	none	2,500	5,000

The National Bank of Narberth—Merger—October 1957

Carl B. Metzger, Jr., Executive Vice President and Everett C. Gottier, Vice-President, prior to merger, had unsecured loan authority of $5,000 and secured authority up to the bank's legal limit of $60,000. All loans subsequently were approved by the Board of Directors and noted in the minute books. The other officers, including the managers of the two branch offices, had no loan authority and reviewed every credit with Mr. Metzger for his approval.

Since merger, loan authorities have been delegated as follows:

	Unsecured	Secured
Narberth Office		
C. B. Metzger, Jr.	$50.000	$200.000
E. C. Gottier	15.000	50.000
W. H. Dempsey	2.500	5.000
E. P. Caldwell	2.500	5.000
Bala-Cynwyd Office		
S. H. Brown	$ 5.000	$ 10.000
A. J. Pufring	2,500	5.000
Wynnewood Office		
A. L. Lambert	$ 5.000	$ 10,000
J. W. Fox	2,500	5,000

[fol. 6509] North Philadelphia Trust Company—Merger —January 1954

Prior to the merger, the president was authorized to grant unsecured loans up to $10,000, loans secured by readily marketable collateral up to statutory limits of the bank, and loans secured by bonds and mortgages up to $15,000. Any two other senior officers acting together were authorized to grant unsecured loans up to $2,500 and loans secured by readily marketable collateral up to $20,000. Any one senior officer acting individually was authorized to grant unsecured loans up to $1,000 and loans secured by readily marketable collateral up to $10,000. All loans were submitted and approved at monthly board meetings. Since merger, loan authorities have been delegated as follows:

	Unsecured	Secured
P. V. Decker	$ 15,000	$ 50,000
W. L. Johnson	5,000	10,000
A. K. Bauer	2,500	5,000

National Bank of Germantown—Merger—September 1953

Prior to the merger, officers could lend up to $10,000 unsecured. The Credit and Advisory Committee approved loans of $10,000 and over, and in special cases, officers made loans over $10,000. All loans, however, were subsequently approved by the Board of Directors. Since merger, loan authorities have been delegated as follows:

	Unsecured	Secured
M. H. Callender	$100,000	$200,000
W. H. Peck	30,000	100,000
N. W. Jones	30,000	100,000
E. W. Newcomb	30,000	100,000
W. A. Collins	15,000	50,000
M. D. Thorn	15,000	50,000
T. F. Morrison	5,000	10,000
G. Simister	2,500	5,000

Note.—Where "secured" loan authority is referred to in the above memorandum, it is defined as loans collateralized by readily marketable securities, cash surrender value of life insurance, and loans secured by pledges of savings fund passbooks.

R. C. Allen, S. S. Gardner 6/26/61.

emc

[fol. 6510] DEFENDANT'S EXHIBIT 38

Banking and Trust Services of Girard Trust Corn Exchange Bank

A. Banking Service for Business and Other Organizations.

I. Deposit Account Services

1. Business Checking Accounts
2. Collection of drafts, notes and acceptances
3. Wire transfer of funds
4. Bulk payroll service
5. Payroll accounting services
6. Supplying coin and currency
7. Cashing pay checks for employees of business customers
8. Depository for tax payments
9. Bank-by-Mail facilities
10. Night depository
11. Time accounts
12. Certificates of deposit

II. Loans to Business

1. Loans for business purposes
2. Construction Loans
3. Auto and truck financing

III. Time Sales Financing For Retailers And Contractors

1. Home modernization financing
2. Retail automobile financing
3. Mobile homes (house trailers) financing
4. Major home appliance financing

IV. Correspondent Banking Services

V. Additional Banking Services for Business

1. Lock Box Banking
2. Charge-Rite—charge account service
3. In-plant services for customers
4. Credit information and reports, both foreign and domestic
5. Brokers security clearance, settlement and delivery services

[fol. 6511] B. Trust Service For Business And Other Organizations

I. Investment Advisory Service For Business and Other Organizations Owning Securities

II. Planning Family Business For The Future. Assistance to owners of family business concerns in working out, during their lives, plans for meeting the problems which such businesses usually present in an estate.

III. Pension and Profit-Sharing

1. Development and supervision of Pension and Profit-Sharing Plans
2. Diversified and Common Stock Funds for the investment of pension plans of which Girard is trustee

IV. Other Trust Services For Business

1. Trustee for Welfare, Savings, and Stock Purchase plans
2. Trustee for charitable foundations
3. Trustee for bond issues
4. Trustee for Equipment Trusts
5. Stock Transfer and Dividend Disbursing Agent
6. Registrar of Stocks and Bonds
7. Mailing, receipt and tabulation of proxies for shareholder meetings
8. Agent for receiving stock subscriptions; for buying and selling fractional scrip and rights; for exchange of bonds, stock, scrip or warrants
9. Paying Agent for redemption of coupons, bonds, stocks and scrip
10. Depository for securities of corporations undergoing reorganization or recapitalization
11. Custodian for Mutual Funds; Pledge agreements; Escrow agreements
12. Trustee and Agency Service for State Governments, Local Governments, Municipal Authorities and commissions

[fol. 6512] C. Personal Banking Service

I. Deposit Accounts

1. Regular Checking Accounts
2. Special Checking Accounts
3. Savings Accounts

II. Loans

1. Loans on Securities
2. Life Insurance Loans
3. Mortgage Loans
4. Personal Loans
5. Tuition Loans
6. Ready-Credit Service—a personal line of monthly-installment credit
7. Life, Fire and Casualty Insurance Premium Loans

III. Other Personal Banking Service

1. Safe Deposit boxes
2. Silver and storage vaults
3. Travelers cheques
4. Letters of Credit and sale of foreign exchange for travelers' use
5. Securities purchased, sold or exchanged for customers
6. U. S. Savings Bonds issued and redeemed
7. Bank Money Orders
8. Certified checks
9. Treasurer's Checks
10. Personal Banking-by-Mail

D. Personal Trust Services

I. Estate Planning

Assistance to men and women by full-time specialists to study their estates and to help plan their affairs for the future.

II. The Administration Of Estates

1. Executor
2. Administrator
3. Trustee under Will

III. Trust Services for the Living

1. Management of trusts set up by customers for [fol. 6513] themselves or for other beneficiaries
2. Operation of Diversified Trust Funds for investment of Living Trusts
3. Investment Advisory Service
4. Securities Custody Service
5. Guardianship
6. Life Insurance Trusts
7. Special Service Accounts—collection of interest and dividends, accumulation of funds, payment of taxes or expenses, etc.
8. Preparation and filing of tax returns

IV. Services as agent, advisor or custodian for Individual Executors and Trustees

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[fol. 6514] DEFENDANTS' EXHIBIT 39

List of Banks with Main Offices in New York City (Five Boroughs) with Lending Limits in Excess of $1,000,000

December 31, 1960

(In thousands of dollars)

	Assets	Deposits	Loans	Lending Limit
First National City Bank	$8,668,429	$7,641,524	$4,254,930	$62,480
Chase Manhattan Bank	9,260,439	8,443,350	4,558,846	56,788
Morgan Guaranty Trust Company	4,423,948	3,646,025	2,351,907	42,500
Chemical Bank New York Trust Co.	4,539,895	3,898,195	2,234,440	35,000
Bankers Trust Company	3,430,253	3,032,174	1,567,060	24,108
Manufacturers Trust Company	3,973,719	3,464,811	1,586,110	20,078
The Hanover Bank	2,192,266	1,885,721	975,680	14,500
Irving Trust Company	2,254,621	1,998,540	975,472	11,552
Bank of New York	694,891	605,979	295,630	4,700
Marine Midland Trust Company	770,344	678,231	339,778	4,250
United States Trust Company	227,516	188,125	109,744	3,000
The Meadowbrook National Bank	604,030	541,192	360,038	2,300
Brown Brothers, Harriman & Co.	279,413	238,466	87,750	1,889
Federation Bank and Trust Co.	221,189	200,067	99,408	1,355
Grace National Bank	233,275	208,260	106,973	1,300
Empire Trust Company	232,574	197,804	115,464	1,170
Sterling National Bank & Trust Co.	167,393	151,082	99,188	1,109

Sources: Polk's Bank Directory, 133rd Edition, March 1961.

Note: Does not include the following three banks:
(1) First National City Trust Company—generally confines loans by internal policy, to their trust accounts.
(2) Savings Bank Trust Company—business confined to servicing mutual savings banks.
(3) French-American Banking Corporation—limited to foreign business.

[fol. 6516]

DEFENDANTS' EXHIBIT 40

Excess of Average Deposits over Average Loans of Girard Trust Customers

With 27 Largest Lines Of Credit

Customer	Amount of Line, 1960	Average Deposits, 1960	Average Loans, 1960	Excess of Deposits Over Loans
A	$ 6,000,000	$ 4,727,400	$ None	$ 4,727,400
B	6,000,000	2,705,500	500,000	$2,205,500
C	6,000,000	1,003,200	2,112,600	(1,108,800)
D	6,000,000	1,588,800	None	1,588,800
E	6,000,000	1,762,500	None	1,762,500
F	5,[illegible],000	488,100	948,547	(460,447)
G	[illegible],000	2,179,200	3,571,108	(1,391,908)
H	5,[illegible]00,000	766,100	3,500,000	(2,733,900)
I	5,500,000	459,000	1,052,980	(593,980)
J	5,500,000	285,000	3,165,898	(2,880,898)
K	5,200,000	405,400	1,170,000	(764,600)
L	5,100,000	345,300	510,268	(164,968)
M	5,000,000	3,391,200	None	3,391,200
N	5,000,000	8,462,100	1,000,000	7,462,100
O	5,000,000	584,300	None	584,300
P	5,150,000	2,053,600	1,941,780	111,820
Q	5,000,000	1,211,700	None	1,211,700
R	5,000,000	4,036,200	None	4,036,200
S	5,000,000	126,900	None	126,900
T	5,000,000	214,900	1,076,174	(861,274)
U	5,000,000	763,600	1,041,984	(278,384)
V	5,000,000	453,600	None	453,600
W	5,000,000	697,400	2,223,000	(1,525,600)
X	4,500,000	337,900	965,714	(627,814)
Y	4,000,000	216,600	559,506	(342,906)
Z	4,000,000	217,300	None	217,300
AA	4,000,000	2,318,200	894,041	1,424,159
	$130,450,000	$41,801,200	$26,233,020	$15,568,180

Deposits as % of Loans: 159.3%

[fol. 6517] DEFENDANTS' EXHIBIT 41

Function, Market Area and Type of Competition of the Philadelphia National Bank and Girard Trust Corn Exchange Bank

[fol. 6518] I. Time and Savings Deposits

A Function	B Market Area*	C Competition
1. Savings Deposits	Philadelphia Metropolitan	Commercial Banks Mutual Savings Banks Savings and Loan Assns. Credit Unions Mutual Funds Annuity Contracts U. S. Government Obligations Life Insurance Policies
2. Time Deposits, Partnerships and Corporations	United States	Commercial Banks U. S. Government Obligations Commercial Paper Repurchase Agreements with Government Bond Dealers Short Tax Free Securities Bankers' Acceptances
3. Time Deposits, Foreign Banks	International	Commercial Banks U. S. Government Obligations Commercial Paper Bankers' Acceptances
4. Time Deposits, Domestic Banks	Philadelphia Metropolitan	Commercial Banks
5. Time Deposits, States and Political Subdivisions	Philadelphia Metropolitan	Commercial Banks U. S. Government Obligations Commercial Paper

* The market area is based on geographical location of alternate choices available to the customer. "Philadelphia Metropolitan" is used to describe the area generally consisting of the Pennsylvania Counties of Philadelphia, Bucks, Delaware and Montgomery, where the banks have branches. "Delaware Valley" is used to describe a larger area surrounding these four Counties and generally consisting of all or parts of Chester County, Pennsylvania, the New Jersey Counties of Mercer, Burlington, Camden and Gloucester, and New Castle County in the State of Delaware.

[fol. 6519] II. Demand Deposits

A Function	B Market Area*	C Competition
1. Demand Deposits, Individual	Delaware Valley	Commercial Banks U. S. Government Securities Tax Free Securities
2. Demand Deposits, Partnerships and Corporations		
(a) Small and Medium	Delaware Valley	Commercial Banks
(b) Large	United States	Commercial Banks U. S. Government Securities. Commercial Paper Tax Free Securities Bankers' Acceptances Repurchase Aggrements
3. Demand Deposits, Foreign Banks	International	Commercial Banks U. S. Government Obligations Commercial Paper Bankers' Acceptances
4. Demand Deposits, Domestic Banks	United States	Commercial Banks Federal Reserve Bank U. S. Government Obligations Commercial Paper Bankers' Acceptances
5. Demand Deposits, U. S. Govt.	Not Applicable	
6. Demand Deposits, States and Political Subdivisions	Pennsylvania	Commercial Banks U. S. Government Obligations Commercial Paper

[fol. 6520] III. Loans

A Function	B Market Area*	C Competition
1. Real Estate Loans	United States	Commercial Banks Mutual Savings Banks Savings and Loan Assns. Insurance Companies Pension and Welfare Funds
2a. Loans to Domestic Banks	Northeast U. S.	Commercial Banks Federal Reserve Bank Federal Funds Repurchase Agreements
2a. Loans to Foreign Banks	International	Commercial Banks U. S. Government Agencies International Lending Agencies
2b. Loans to Other Financial Institutions	United States	Commercial Banks Insurance Companies Pension Trusts, etc. Commercial Paper
3. Loans for Purchasing Securities	United States	Commercial Banks
4. Loans to Farmers	Delaware Valley	Commercial Banks U. S. Government Agencies

[fol. 6521]

III Loans

A Function	B Market Area*	C Competition
5. Commercial and Industrial Loans (a) Small and Medium	Delaware Valley	Trade Credit Commercial Banks Commercial Finance Companies Factors
(b) Large	United States	Commercial Banks Commercial Finance Companies Insurance Companies Pension Trusts Factors
6a-d. Loans to Individuals, Instalment	Delaware Valley	Commercial Banks Finance Companies Retail Outlets Credit Unions Small Loan Companies Consumer Discount Companies Mutual Savings Banks Savings & Loan Associations
6e. Loans to Individuals—Single Payment	Delaware Valley	Commercial Banks Insurance Companies
7. All Other Loans	United States	Commercial Banks Mutual Savings Banks Insurance Companies

[fol. 6522]

Defendants' Exhibit 43

Analysis of Defendants' Partnership and Corporation Customers Whose Choices Include Banks Outside Delaware Valley

	The Philadelphia National Bank		Girard Trust Corn Exchange Bank		Total	
	Demand deposits of Partnerships and Corporations	Commercial and Industrial Loans	Demand deposits of Partnerships and Corporations	Commercial and Industrial Loans	Demand deposits of Partnerships and Corporations	Commercial and Industrial Loans
	(000 omitted in following $ amounts)					
Customers located outside the four-county area*	$140,977	$141,547	$ 56,295	$ 72,921	$197,272	$214,468
Customers located inside the four-county area but who are not limited to a choice of banks in the four or ten county area	149,805	84,594	86,893	42,067	236,698	126,661
Total	290,782	226,141	143,188	114,988	433,970	341,129
% total bears to total demand deposits or commercial and industrial loans	70%	74%	55%	59%	64%	68%
(Latter totals in parentheses)*	($414,785)	($306,329)	($259,570)	($195,746)	($674,355)	($502,075)

Source: Defendants' records. Deposits are averages for June, 1960. Loans are as of September 21, 1960. To determine customers with choices outside the four counties only customers with deposit accounts exceeding $100,000 were analyzed. Of these, customers were selected as having choices outside the four-county area who either (a) also had (as of Sept. 21, 1960) a loan or line of credit exceeding $500,000, (b) has known banking connections outside the ten-county area, (c) has its headquarters, a major branch or subsidiary outside the ten-county area, or (d) is a subsidiary of a company located outside the ten-county area.

* Figures correspond with those in Exhibit D-30. See page 2, line 2 of that Exhibit for demand deposits of partnerships and corporations, and page 3, line 5 of that Exhibit for commercial and industrial loans.

[fol. 6523] DEFENDANTS' EXHIBIT 44

BROAD STREET TRUST COMPANY
Philadelphia

January 20, 1961 A.

Honorable Ray M. Gidney,
Comptroller of the Currency,
Treasury Department,
Washington 25, D. C.

MY DEAR MR. GIDNEY:

Broad Street Trust Company is of the opinion that it is to the best interests of the City of Philadelphia that the proposed merger of Philadelphia National Bank and Girard Trust Corn Exchange Bank & Trust Company should be approved.

Boston, Cleveland, Pittsburgh and San Francisco, all smaller than Philadelphia, have banks that are very much larger than our largest bank.

In Chicago there are two banks, each of which are twice the size of First Pennsylvania Banking & Trust Company.

Philadelphia is handicapped because very large borrowers have to go to New York or elsewhere to obtain loans.

The proposed merger will not hurt other Philadelphia banks.

In San Francisco is located the largest bark in the world and there are any number of banks there, of considerable size, all of which are doing a good job.

From past experience I think it would be helpful to a bank with the resources of Broad Street Trust Company and to banks with less resources if the merger were approved.

The merged bank would seek "wholesale" business and middle size business would gravitate toward banks of our size.

[fol. 6524] I have seen this happen after other mergers were approved.

Smaller corporations or individuals get overwhelmed by a huge bank and come to a bank like ours.

That this statement is correct is shown by the fact that in December 1950 Broad Street Trust had Capital, Surplus and Undivided Profits of $3,000,000 and in December 1960

had Capital, Surplus and Undivided Profits of $12,500,000 and the deposits in the same period have grown from $54,-473,000 to $144,786,000.

If the merger is approved, there will be in Philadelphia thirteen corporations and two partnerships engaged in the banking business.

Brown Brothers Harriman Company have resources as of June 1960 of $237,000,000.

The Corporations engaged in banking as of the same date range in size from the Sonsitaly Bank & Trust Company and Citizens & Southern Bank, each of which has resources of approximately four and three quarter million dollars, to the First Pennsylvania Banking & Trust with resources of $1,149,000,000.

In between these two extremes are Provident Tradesmens with resources in excess of $522,000,000 and Fidelity Philadelphia Trust Company with resources of over $472,-000,000.

We also have the branch of a New Jersey bank operating in Philadelphia that has resources in excess of $128,-000,000.

These banking institutions are highly competitive and the merger would not, in our opinion, create a monoply or anything approaching the same.

I am enclosing herewith a copy of Broad Street Trust Company's report to shareholders as of December 31, 1960.

Yours sincerely, ——, ——, Chairman of the Board and Chief Executive Officer.

[fol. 6525] GOVERNMENT'S EXHIBIT 45

In my opinion the proposed merger will *not* have an adverse effect on the competitive position of our bank.

In making this statement I feel that it is necessary to examine the nature of competition between banks. In the first place, banking is a controlled business. Banks are controlled by both Federal and State governments in the interest rates they may pay and charge. They are regulated in the location of their offices, and in the number of their offices, and in the way they may employ their funds.

These and many other regulations all have a bearing on competition between banks.

Most industries operate without restrictions on the location of their facilities or the product lines they may offer to the consumer, and they have available to them the protection of patents on new products which may be developed. Banks, on the other hand, sell only money and services under rigid regulation. The services offered by banks are not patented and any bank can offer any service which is legal if it generates a demand for the service and puts it on an economic basis.

With the products which banks, both large and small, can offer practically identical and the price of money generally determined by economic factors common to all banks, the area of competition ultimately rests in the field of intangibles. In any particular area, banks large and small compete on the basis of convenience of location, [fol. 6526] the quality and variety of routine services offered, atmosphere, "personality", imagination and aggressive selling. These areas of competition are not subject to monopoly and are available to those banks who desire to exploit them.

The vast majority of bank customers can be served just as well by a 10 million dollar bank as by a 10 billion dollar bank. These are the people who use a bank for their personal requirements of savings, checking accounts, safe deposit boxes, and occasional loans or mortgages. In these areas, convenience and quality of service are the controlling factors.

There is another highly competitive area in which the smaller community and area banks do not generally engage. This is the competition for deposit relationships from large national companies (with headquarters located in the bank's area or outside of it throughout the country). The larger banks in the important financial centers aggressively solicit this deposit business, frequently on the basis of offering substantial lines of credit and other highly specialized services. For the most part, deposits from these sources would not be available to smaller banks because of the limited credit facilities they could offer.

The numerically small number of large corporate customers who need access to large sums of money are sophisticated customers who are not bound by geographical con-

venience but are able to seek out their requirements in the [fol. 6527] money markets of the land, and, in so doing, are able to devlop the utmost of competition in satisfying their requirements.

We must not overlook the aggressive and substantial competition from non-banking sources. The competition for the depositor's dollar is intense from savings and loan associations, savings banks, credit unions, life insurance companies, as well as the stock and bond markets. The potential borrower for various types of credit finds that in addition to the banking system he may turn to finance companies, small loan companies, automobile dealers, mortgage brokers, life and casualty insurance companies, savings and loans, savings banks, and credit unions. These competitors have a very real impact on the business of large banks as well as small banks.

In the light of this discussion as to the nature of competition between banks I would like to amplify my statement as to the effect of the merger on our bank.

Our bank is unique in the sense that it is one of two banks in the country that operates across state lines. While our major business is in Camden, N. J., we have an office located at 223 Market Street, Philadelphia, which has been in existence since 1813. In fact, I believe that our office in Philadelphia is the third oldest bank in Philadelphia.

Our ability to compete in Philadelphia has been limited by the fact that we cannot establish any other branches nor [fol. 6528] may we relocate our existing office. Accordingly, we are limited to the progress made by business in the area which we serve and by our ability to attract as new customers businesses formerly served by other banks.

Despite the fact that we are one of the smaller banks operating in Philadelphia, we have been able to compete on a satisfactory basis for almost one hundred and fifty years with the larger banks of Philadelphia for business in our geographical area. We have done this on the basis of convenience and service. During this long period of years there have been many mergers by Philadelphia banks but such mergers have not adversely affected our growth in our area.

In New Jersey our bank competes primarily with other Camden County banks. However, because of our proximity

to Philadelphia and because of the industrial nature of our area we also face substantial competition from Philadelphia as well as New York banks. The aggressiveness or the effectiveness of this competition from Philadelphia banks is not dependent on the size of the bank.

Our bank, in its long history, has had mergers but the last one took place in 1955. Since that time we have had substantial growth without merger. Our total assets have increased from 108 million to 140 million; our deposits from 101 million to 125 million; and our loans from 44 million to 72 million. At the same time our net operating earnings have increased from $612,000 to $1,517,000.

[fol. 6529] Our net profits as a percentage of total capital accounts in 1960 was 18.2% compared with 8.8% representing the average of all banks in the Third Federal Reserve District having total assets in excess of $100,000,000. Our net profits as a percentage of total assets was 1.10% compared with .76% for the same group of banks. The source of these figures is a report prepared by the Department of Research, Federal Reserve Bank of Philadelphia.

This record of growth has been achieved in the face of competition from banks many times our size and from banks smaller than ours. It has been achieved due to growth in our area and to our ability to participate in the banking requirements of that growth.

In my opinion there would have been no adverse effect on this growth if Philadelphia National and Girard had been merged in 1955. On the other hand there is some reason to believe that if these two banks are merged we may, as a direct result of such merger, gain some new accounts in the area which we serve in Philadelphia. Our new business solicitors have advised me that some companies who now do business with both banks have stated that when the merger takes place they will consider transferring one of the accounts to us.

In my opinion the proposed merger would not affect competition in the Philadelphia area. Each of the banks involved is presently allocating a certain percentage of [fol. 6530] its assets to commercial loans, mortgages and to consumer credit. The merger would not have the effect of increasing the combined assets of the two banks so the new bank would have practically the same percentage of

its assets invested in these categories as the two banks had prior to the merger. In other words the act of merging would have no effect on the amount of business in these areas done by the other banks in the area.

However, the effect of merger would be to increase substantially the amount of money that could be loaned to one customer over the amount either of the merging institutions could lend. This would enable the merged bank to compete more effectively for loan and deposit business that now goes out of our area to the larger New York banks, and also compete to attract deposit and loan business from large national companies not located in our area at this time. The establishment of lines of credit to such companies should bring compensating balances to the merged bank. Since these balances might not be offset at all times by actual loans under the credit lines, a portion of the deposits could be available for local needs for mortgages, consumer credit, business loans, etc. However, these additional loans could only be obtained by the merged bank on a competitive basis with the other banks in the area. A person seeking a personal loan or a mortgage does not gravitate to the largest bank in the are but to the bank that is convenient or one where he is known and feels at home.

[fol. 6531] In a very real sense, a large bank offering a lending limit attractive to large national companies can acquire prestige for the area in which the bank is located. The salesmen for this bank, traveling and soliciting business throughout the country, are salesmen for the area to a large extent. Even a bank of our size spends a considerable amount of money and salesman time in promoting the area in which we are located. The success of this sales effort can reflect in the location of new plant facilities here by companies located elsewhere, with the resultant benefits in employment and to the general economic welfare of the area, including the banks. When such new businesses are attracted to the area the factors of convenience and service frequently enter into the decision as to a local bank account, and the usual competitive factors come into play.

Just as our bank has experienced a fine growth in the last five years as stated, so I would expect it to continue such growth if there is a corresponding growth in our area.

One of the factors of area growth is the availability of capital. If the merger helps bring additional capital to the area all of the banks will participate in the growth that results from the utilization of such capital, and we have complete confidence in our competitive ability to capture our share of this growth.

In my opinion the merger would have no effect on interest rates in the area. The prime rate for commercial loans is [fol. 6532] almost always set by the New York banks and is responsive to a large degree to the rediscount rate established by the Federal Reserve. The interest rates on other types of loans generally bear a relationship to the prime rate. In my opinion the merged bank could not initiate a change in the prime rate unless conditions were satisfactory for such change in the large money centers and particularly New York.

Interest rates paid on time deposits and savings are regulated on the top side by Regulation Q of the Federal Reserve and on the down side by competition not only among banks but from Savings Banks, Savings and Loans, etc. Accordingly I would anticipate that the merged bank would not be able to compete any more or any less effectively in this area than the two banks would if there were no merger.

As a competitor of both banks our bank will welcome the merger for the opportunity that it affords to create a larger bank in the Philadelphia area that can be more competitive with the larger banks in the major money centers.

April 10, 1961.

[fol. 6533] DEFENDANTS' EXHIBIT 46

Recapitulation

	Largest Bank 1946	Largest Bank 1956
	Number of banks	
50 M to 100 M Population		
Percentage under 25%	3	2
" 25% to 34%	11	9
" 35% to 50%	43	47
" Over 50%	65	66
	122	124
100 M to 150 M Population		
Percentage under 25%	0	1
" 25% to 34%	5	4
" 35% to 50%	17	18
" Over 50%	16	15
	38	38
150 M to 200 M Population		
Percentage under 25%	1	1
" 25% to 34%	3	1
" 35% to 50%	8	8
" Over 50%	1	3
	13	13
200 M to 250 M Population		
Percentage under 25%	0	0
" 25% to 34%	0	2
" 35% to 50%	5	3
" Over 50%	4	4
	9	9
250 M to 300 M Population		
Percentage under 25%	0	0
" 25% to 34%	2	2
" 35% to 50%	4	4
" Over 50%	0	0
	6	6
300 M to 350 M Population		
Percentage under 25%	0	0
" 25% to 34%	0	0
" 35% to 50%	2	2
" Over 50%	3	3
	5	5

[fol. 6534]

	Largest Bank 1946	1956
	Number of banks	
350 M to 400 M Population		
Percentage under 25%	0	0
" 25% to 34%	1	1
" 35% to 50%	3	2
" Over 50%	0	1
	4	4
400 M to 500 M Population		
Percentage under 25%	0	1
" 25% to 34%	3	2
" 35% to 50%	4	4
" Over 50%	0	0
	7	7
Population 500 M and over		
Percentage under 25%	3	2
" 25% to 34%	6	6
" 35% to 50%	6	6
" Over 50%	3	4
	18	18
Grand Recapitulation		
Percentage under 25%	7	7
" 25% to 34%	31	27
" 35% to 50%	92	94
" Over 50%	92	96
	222	224

[fol. 6535]

Cities with 50,000 to 100,000 Population

City		Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks (Millions) 1946	Total All Commercial Banks (Millions) 1956
Gadsden, Ala.		55.7	4	4	47.2	48.3	84.	80.4	16.	19.6	29.9	42.7
Fort Smith, Ark.		56.3	3	3	43.9	45.8	85.6	86.3	14.4	13.7	65.6	70.5
Alameda, Calif.	x	64.4										
Alhambra, Calif.	x	51.3										
Burbank, Calif.	x	78.5										
Inglewood, Calif.	x	57.4										
Richmond, Calif.	x	99.5										
Riverside, Calif.	x	56.6										
San Jose, Calif.	x	95.3										
San Pedro, Calif.	x	60.										
Santa Barbara, Calif.	x	50.8										
Santa Monica, Calif.	x	78.2										
South Gate, Calif.	x	51.1										
Stockton, Calif.	x	70.9										
Pueblo, Colo.		63.7	3	4	67.1	50.4	91.1	73.6	8.9	26.4	62.6	90.2
Norwalk, Conn.		72.	2	2	56.4	64.4	100.	100.	—	—	8.3	25.1
Stamford, Conn.		74.3	6	6	36.4	41.8	69.8	70.5	30.2	29.5	74.3	153.6
Orlando, Fla.		52.4	2	5	60.8	41.7	100.	66.8	—	33.2	66.6	132.7
St. Petersburg, Fla.		96.7	3	6	38.3	31.4	72.7	62.2	27.3	37.8	87.3	181.3
Augusta, Ga.		71.5	4	6	40.8	47.2	77.9	78.7	22.1	21.3	69.6	103.8
Columbus, Ga.		79.6	5	4	40.2	39.	62.7	76.8	37.3	23.2	68.9	91.7
Macon, Ga.		70.3	4	4	45.2	46.9	88.3	90.7	11.7	9.3	65.0	86.5
Boise, Idaho		34.4	3	3	54.7	48.4	99.8	95.4	.2	4.6	229.7	387.6
Aurora, Ill.		50.6	3	3	39.3	39.3	69.8	72.2	30.2	27.8	54.9	86.5
Berwyn, Ill.		51.3	1	2	100.	67.5	100.	100.	—	—	10.4	25.8
Cicero, Ill.		68.0	3	3	44.7	39.0	75.2	71.2	24.8	28.8	49.0	67.2
Evanston, Ill.		75.	3	3	50.9	45.5	83.3	87.1	16.7	12.9	80.8	149.3
Joliet, Ill.		51.6	2	3	68.4	55.8	100.	86.7	—	13.3	45.3	84.4

Cities with 50,000 to 100,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
National City, Ill.	.2	1	1	100.	100.	100.	100.	—	—	103.3	111.3
Oak Park, Ill.	63.5	4	4	39.2	39.6	62.3	66.	37.7	34.	87.5	150.2
Springfield, Ill.	81.6	3	4	43.6	40.4	82.4	75.3	17.6	24.7	91.0	145.2
East Chicago, Ind.	54.3	2	2	54.3	56.6	100.	100.	—	—	35.7	58.1
Hammond, Ind.	87.6	3	3	53.	45.5	90.8	83.8	9.2	16.2	38.8	79.4
Muncie, Ind.	58.5	3	3	68.2	62.3	92.9	86.7	7.1	13.3	78.9	57.8
Terre Haute, Ind.	64.2	5	5	60.5	58.5	81.5	81.3	18.5	18.7	87.3	130.7
Davenport, Iowa	74.5	3	3	85.7	77.2	95.5	88.7	4.5	11.3	89.5	122.8
Cedar Rapids, Iowa	72.3	5	5	70.7	66.0	85.1	83.3	14.9	16.7	120.0	153.4
Sioux City, Iowa	84.0	8	8	25.6	25.6	48.1	47.7	51.9	52.3	113.8	133.4
Waterloo, Iowa	65.2	3	3	50.	50.7	93.6	88.9	6.4	11.1	46.6	66.8

[fol. 6536]

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Topeka, Kan.	78.8	11	8	25.7	28.7	50.	57.0	50.0	43.0	101.9	146.3
Covington, Ky	64.5	6	6	32.0	34.6	63.1	61.2	36.9	38.8	41.4	44.5
Lexington, Ky.	55.5	7	7	43.3	41.4	57.4	61.3	42.6	38.7	80.4	107.5
Portland, Maine	77.6	5	5	32.6	30.4	57.3	59.9	42.7	40.1	95.8	135.9
Silver Spring, Md.	65.	1	2	100.	86.8	100.	100.	—	—	22.8	125.5
Brockton, Mass.	62.6	3	2	55.6	50.4	98.4	100.	1.6	—	45.	50.9
Brookline, Mass.	56.9	2	2	67.0	77.1	100.	100.	—	—	90.1	115.7
Chicopee, Mass.	54.1	1	1	100.	100.	100.	100.	—	—	4.5	6.4
Holyoke, Mass.	52.2	4	3	51.2	56.5	86.3	86.7	13.7	13.3	59.4	63.2
Lawrence, Mass.	76.1	3	3	53.3	56.5	98.8	99.1	1.2	.9	42.1	51.3
Lowell, Mass.	93.9	3	2	77.1	82.3	99.2	100.	.8	—	45.5	56.7
Lynn, Mass.	99.0	5	5	36.	35.3	63.3	64.6	36.7	35.4	66.6	75.1
Malden, Mass.	59.5	3	3	48.1	47	92.8	78.7	7.2	21.3	40.2	80
Medford, Mass.	65.4	1	2	100.	64.9	100.	100.	—	—	15.7	7.1
Newton, Mass.	86.5	2	2	85.4	71.2	100.	100.	—	—	40.5	45.7

Pittsfield, Mass.	55.3	3	3	52.2	52.9	81.4	82.8	18.6	17.2	41.5	46.2
Quincy, Mass.	84.5	3	3	62.6	56.0	90.9	88.	9.1	12.0	68.2	67.8
Somerville, Mass.	97.0	2	2	53.5	80.1	100.	100.	—	—	27.8	22.6
Waltham, Mass.	50.1	2	4	98.7	67.1	100.	82.4	—	17.6	30.	42.3
Bay City, Mich.	52.5	4	3	49.7	75.5	80.9	98.2	19.1	1.8	59.4	75.9
Dearborn, Mich.	95.	1	2	100.	82.2	100.	100.	—	—	37.8	71
Jackson, Mich.	51.1	2	2	61.6	58.2	100.	100.	—	—	60.4	113.0
Kalamazoo, Mich.	57.7	4	4	52.5	48.1	84.3	78.1	15.7	21.9	89.8	153.8
Pontiac, Mich.	73.7	2	2	88.4	76.8	100.	100.	—	—	54.9	109.8
Saginaw, Mich.	92.9	2	2	77.6	67.0	100.	100.	—	—	98.7	160.0
Jackson, Miss.	98.3	4	3	36.4	55.0	64.8	97.2	35.2	2.8	142.6	202.4
St. Joseph, Mo.	78.6	11	11	29.0	24.5	50.	45.6	50.	54.4	107.0	137.
Springfield, Mo.	66.7	4	5	55.0	49.2	78.1	78.4	21.9	21.6	66.4	81.6
Helena, Mont.	17.6	2	2	54.0	55.8	100.	100.	—	—	52.1	61.5
Lincoln, Nebr.	98.9	6	6	39.1	39.2	71.6	71.4	28.4	28.6	140.6	169.5
Manchester, N. H.	82.7	7	7	43.8	40.5	66.7	66.6	33.3	33.4	41.8	57.7
Atlantic City, N. J.	61.7	3	3	52.1	61.9	85.7	89.1	14.3	10.9	79.9	115.3
Bayonne, N. J.	77.2	3	3	45.2	44.1	82.0	78.5	18.0	21.5	51.2	56.8
East Orange, N. J.	79.3	3	2	57.6	57.4	87.9	100.	12.1	—	73.2	77.6
Hoboken, N. J.	50.7	5	5	45.5	45.5	72.2	67.7	27.8	32.3	45.4	29.9
Irvington, N. J.	59.2	4	2	49.4	64.2	71.4	100.	28.6	—	46.2	56.9
Union City, N. J.	55.5	5	4	31.7	45.2	61.1	76.7	38.9	23.3	128.1	155.7
Albuquerque, N. M.	96.8	3	3	55.3	47.4	94.7	85.6	5.3	14.4	86.9	186.5
*Santa Fe, N. M.	28.0	2	2	98.6	56.5	100.	100.	—	—	26.8	73.9
Binghampton, N. Y.	80.7	4	3	39.7	69.9	70.8	95.5	29.2	4.5	77.3	101.9
Levittown, N. Y.	60.	0	2	—	91.6	—	100.	—	—	—	27.6
Mount Vernon, N. Y.	71.9	3	2	46.0	54.8	83.2	100.	16.8	—	59.2	66.9

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New Rochelle, N. Y.	59.7	3	2	49.1	53.8	87.5	100.	12.5	—	55.3	84.4
Niagara Falls, N. Y.	90.9	2	3	93.	79.2	100.	92.5	—	7.5	91.3	117.2
Schenectady, N. Y.	91.8	5	4	44.0	54.6	63.6	75.9	36.4	24.1	108.8	149.3
Troy, N. Y.	72.3	3	3	49.5	41.4	82.9	80.9	17.1	19.1	88.2	127.6
*Reno, Nevada	47.7	3	3	93.3	80.5	100.	95.9	—	4.1	128.2	257.5
Asheville, N. C.	53.0	4	4	56.7	50.7	87.1	84.7	12.9	15.3	50.2	73.0

Cities with 50,000 to 100,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Durham, N. C.	71.3	8	7	37.9	32.4	62.8	64.0	37.2	36.	82	97.7
Greensboro, N. C.	74.4	4	4	64.6	69.4	93.9	90.1	6.1	9.9	92.3	180.8
Raleigh, N. C.	65.7	5	6	56.3	60.9	94.4	91.7	5.6	8.3	212.7	352.5
*Fargo, North Dakota	38.3	4	4	43.6	38.0	65.8	63.5	34.2	36.5	50.1	69.9
Cleveland Heights, O.	59.1	3	3	77.4	78.8	94.3	95.3	5.7	4.7	33.6	41.6
Hamilton, Ohio	70.	3	3	55.0	50.5	83.6	79.5	16.4	20.5	61.3	78.6
Lakewood, Ohio	75.	2	3	82.1	96.1	100.	98.7	—	1.3	43.0	53.7
Lima, Ohio	50.2	2	2	51.2	50.6	100.	100.	—	—	41.2	57.6
Lorain, Ohio	51.2	5	5	32.5	29.3	61.3	52.5	38.7	47.5	43.7	73.9
Mansfield, Ohio	50.	4	3	43.8	60.7	70.9	83.3	29.1	16.7	60.6	107.5
Springfield, Ohio	80.	3	4	51.4	47.6	96.5	83.2	3.5	16.8	49.0	69.0
Eugene, Oregon x											
Salem, Oregon x											
Bethlehem, Penn.	66.3	4	4	48.8	44.9	71.8	74.5	28.2	25.5	54.1	96.
Chester, Penn.	66.0	4	3	46.7	46.5	80.5	73.4	19.5	26.6	75.7	100.1
Harrisburg, Penn.	89.5	10	9	26.8	33.7	46.2	49.0	53.8	51.0	133.0	190.
Johnstown, Penn.	63.2	4	4	51.6	51.6	77.4	79.6	22.6	20.4	52.3	85.3
Lancaster, Penn.	63.8	5	4	28.8	32.6	54.7	58.9	45.3	41.1	96.8	138.6
McKeesport, Penn.	51.5	4	3	46.3	55.4	76.3	96.0	23.7	4.0	63.	192.4
Wilkes-Barre, Penn.	76.8	7	7	35.3	38.2	57.2	57.7	42.8	42.3	128.4	172.9
York, Penn.	59.6	7	7	22.8	22.5	44.8	42.2	55.2	57.8	137.1	182.3
Cranston, R. I.	55.1	2	4	75.2	56.0	100.	72.9	—	27.1	7.2	17.9
Pawtucket, R. I.	81.4	6	6	75.1	48.9	92.7	85.	7.3	15.0	55.6	72.5
Woonsocket, R. I.	50.2	5	4	33.3	42.9	65.2	84.2	34.8	15.8	36.9	46.5
Charleston, S. C. x											
Greenville, S. C.	58.2	3	3	36.9	35.4	70.4	67.8	29.6	32.2	72.5	93.7
Sioux Falls, S.-D.	52.7	5	5	47.5	43.3	72.6	68.0	27.4	32.0	83.9	126.2
Amarillo, Texas	100.	3	4	51.8	42.9	85.1	83.9	14.9	16.1	91.9	164.6

Galveston, Texas	71.6	5	5	24.2	48.7	47.9	65.2	52.1	34.8	114.2	202.9
Laredo, Texas	51.9	2	2	68.9	63.7	100.	100.	—	—	25.4	31.7
Lubbock, Texas	71.7	3	5	40.0	35.	78.2	68.1	21.8	31.9	69.6	172.7
Port Arthur, Texas	57.5	2	2	59.	53.9	100.	100.	—	—	42.3	58.8
San Angelo, Texas	62.1	3	3	44.1	44.6	74.2	72.6	25.8	27.4	46.	58.2
Waco, Texas	84.7	3	5	49.8	43.6	94.8	82.7	5.2	17.3	73.6	114.2
Wichita Falls	68.0	3	4	44.7	41.0	79.9	80.9	20.1	19.1	87.	152.1
Ogden, Utah	57.1	2	3	74.7	67.5	100.	92.6	—	7.4	99.2	139.0

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*Burlington, Vermont	33.2	4	3	23.3	45.4	57.1	92.2	42.9	7.8	40.6	59.1
Alexandria, Va.	61.8	4	4	34.9	52.7	68.7	82.4	31.3	17.6	39.6	87.7
Hampton, Va.	61.0	4	4	41.1	39.6	69.7	67.0	30.3	33.	21.7	31.5
Portsmouth, Va.	80.0	4	4	53.9	45.6	75.6	71.8	24.4	28.2	48.3	56.2
Roanoke, Va.	91.9	5	4	60.3	54.6	75.7	77.5	24.3	22.5	112.9	169.5
Warwick, Va.	50.0	0	1	—	100.	—	100.	—	—	—	8.7
Charleston, W. Va.	73.5	4	5	44.8	38.9	78.8	76.4	21.2	23.6	172.8	218.3
Huntington, W. Va.	86.4	4	5	71.9	62.5	84.8	78.2	15.2	21.8	66.5	116.2
Wheeling, W. Va.	58.8	10	8	41.4	42.5	54.9	57.1	45.1	42.9	104.8	123.5
Green Bay, Wisc.	52.7	5	5	51.2	48.2	67.5	63.8	32.5	36.2	62.3	89.5
Kenosha, Wisc.	54.4	4	3	77.9	69.0	93.6	87.0	6.4	13.0	49.9	72.2
Madison, Wisc.	96.1	8	7	63.1	55.5	72.3	67.8	27.7	32.2	117.9	153.8
Racine, Wisc.	71.2	5	5	55.5	50.0	81.7	75.5	18.3	24.5	84.7	116.3
Wauwatosa, Wisc.	53.0	2	2	50.0	60.7	100.	100.	—	—	15.5	33.4
*Casper, Wyo.	23.7	2	2	50.3	52.4	100.	100.	—	—	28	76.3
*Cheyenne, Wyo.	31.9	2	2	51.5	53.3	100.	100.	—	—	39.8	55.6

* Population less than 50,000. Included to provide coverage of all states.
x Figures omitted because city served in a substantial way or entirely by branch banks.

[fol. 6539]

Cities with 100,000 to 150,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks (Millions) 1946	Total All Commercial Banks (Millions) 1956
Mobile, Ala.	129	3	4	50.1	47.7	92.2	87.6	7.8	12.4	195.	252.
Montgomery, Ala.	106	3	3	62.4	59.3	85.1	80.7	14.9	19.3	93.	119.
Little Rock, Ark.	102	4	6	38.4	33.9	70.6	64.1	29.4	35.9	166.	217.
Berkley, Calif. x	114										
Fresno, Calif. x	113										
Glendale, Calif. x	111										
Pasadena, Calif. x	118										
Sacramento, Calif. x	137										
Waterbury, Conn.	104	5	4	35.0	37.7	65.2	65.4	34.8	34.6	88.	123.
Wilmington, Del.	110	9	7	51.2	47.9	64.3	70.9	35.7	29.1	388.	559.
Savannah, Ga.	119	10	9	70.6	69.1	80.8	84.2	19.2	15.8	216.	262.
Peoria, Ill.	111	5	8	40.8	37.2	62.7	57.2	37.3	42.8	162.	217.
Rockford, Ill.	105	5	5	40.2	38.4	72.0	66.2	28.0	33.8	108.	206.
Evansville, Ind.	128	9	6	29.1	38.3	55.9	65.9	44.1	34.1	147.	199.
Fort Wayne, Ind	133	5	5	42.1	45.5	70.5	75.3	29.5	24.7	176.	298.
Gary, Ind.	134	3	2	84.1	88.4	99.1	100.	.9	—	70.	148.
South Bend, Ind.	116	5	5	40.7	45.5	65.5	69.4	34.5	30.6	114.	186.
Kansas City, Kan.	129	16	16	27.0	24.1	44.3	42.4	55.7	57.6	134.	207.
Baton Rouge, La.	125	4	5	39.2	27.8	70.0	51.2	30.0	48.8	94.	240.
Shreveport, La.	127	4	5	50.1	45.4	85.5	85.7	14.5	14.3	186.	306.
Cambridge, Mass.	106	5	4	63.	73.1	78.3	87.6	21.7	12.4	98.	126.
Fall River, Mass.	105	3	3	38.4	37.0	75.2	71.1	24.8	28.9	59.	75.
New Bedford, Mass.	105	4	3	48.9	49.7	75.3	97.4	24.6	2.7	76.	77.
Duluth, Minn.	104	10	9	45.4	44.7	74.4	72.6	25.6	27.4	164.	195.
Camden, New Jersey	124	3	3	57.5	56.6	96.5	97.1	3.5	2.9	167.	249.
Clifton-Passaic, N. J.	132	4	6	52.8	54.7	66.2	73.7	33.8	26.3	162.	271.

Elizabeth, N. J.	113	5	4	30.6	35.8	60.9	70.2	39.1	29.8	125	184
Paterson, N. J.	139	8	4	29.8	61.9	49.2	87.4	50.8	12.6	274	332
Trenton, N. J.	128	6	6	41.7	37.8	65.8	60.6	34.2	39.4	257	305
Albany, N. Y.	135	5	5	50.	54.0	84.9	88.9	15.1	11.1	431	646
Utica, N. Y.	101	3	3	58.8	47.6	96.8	94.9	3.2	5.1	109	152
Charlotte, N. C.	134	8	8	53.0	56.2	83.8	80.1	16.2	19.9	519	791
Allentown, Penn.	107	5	4	37.7	48.3	65.1	75.9	34.9	24.1	111	175
Erie, Penn.	131	6	5	31.6	39.6	59.9	72.9	40.1	27.1	159	199
Reading, Penn.	109	4	4	49.3	56.3	87.5	83.7	12.5	16.3	134	187
Scranton, Penn.	126	9	8	59.1	56.6	77.3	74.5	22.7	25.5	176	209
Chattanooga, Tenn.	131	4	4	63.8	54.0	93.5	89.2	6.5	10.8	208	272
Knoxville, Tenn.	125	5	4	53.6	55.6	81.1	86.2	18.9	13.8	186	234
Austin, Texas	132	5	5	43.8	34.7	75.9	64.0	24.1	36.0	122	202
Corpus Christi, Texas	108	6	6	41.8	60.4	69.0	80.9	31.0	19.1	82	149
El Paso, Texas	130	2	4	56.4	47.1	100.	90.5	—	9.5	135	237
[fol. 6540]											
Arlington, Va.	135	3	5	53.0	32.4	79.4	64.1	20.6	35.9	28	103
Tacoma, Wash.	144	6	6	48.4	50.5	71.9	73.8	28.1	26.2	231	319

x Figures omitted because city served in a substantial way or entirely by branch banks.

[fol. 6541]

Cities with 150,000 to 200,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Phoenix, Arizona	155	6	6	70.5	56.5	92.8	84.6	7.2	15.4	314	731
Bridgeport, Conn.	158	7	6	44.5	52.3	85.2	88.7	14.8	11.3	190	276
Hartford, Conn.	177	11	5	33.4	49.2	59.7	95.5	40.3	4.5	467	804
New Haven, Conn.	164	9	8	33.6	35.6	54.1	56.6	45.9	43.4	227	317
Des Moines, Iowa	178	9	11	38.5	31.2	65.0	58.7	35.0	41.3	301	422
Wichita, Kansas	168	7	9	46.4	47.6	83.1	77.9	16.9	22.1	240	375
Springfield, Mass.	166	5	5	41.0	38.2	65.4	62.1	34.6	37.9	212	249
Flint, Michigan*	163										
Grand Rapids, Mich.*	177										
Yonkers, New York	153	4	3	40.5	62.2	77.8	98.6	22.2	1.4	80	153
Youngstown, Ohio	168	5	4	34.1	37.1	60.4	70.9	39.6	29.1	184	284
Tulsa, Oklahoma	183	8	11	46.6	42.3	86.3	80.3	13.7	19.7	352	655
Nashville, Tenn.	174	6	6	47.2	38.6	70.4	70.2	29.6	29.8	408	604
Salt Lake City, Utah	182	9	8	24.6	24.5	48.2	48.6	51.8	51.4	322	536
Spokane, Washington	162	4	5	39.9	45.8	77.4	77.6	22.6	22.4	243	301

* Figures omitted because city served in a substantial way or entirely by branch banks.

[fol. 6542]

Cities with 200,000 to 250,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Jacksonville, Florida	205	7	11	37.4	34.8	72.4	68.5	27.6	31.5	391	576
Tampa, Florida	221	7	12	44.0	36.2	82.5	67.6	17.5	32.4	171	272
Worchester, Mass.	203	4	5	54.7	56.0	83.0	76.0	17.0	24.0	155	228
Syracuse, New York	221	5	4	42.6	35.2	67.1	62.4	32.9	37.6	261	435
Dayton, Ohio	244	4	4	61.5	61.5	88.4	84.6	11.6	15.4	240	375
Oklahoma City, Okla.	244	10	13	50.2	48.3	71.7	73.3	28.3	26.7	393	578
Providence, R. I.	249	11	5	40.1	57.9	59.8	93.0	40.2	7.0	754	738
Norfolk, Virginia	214	5	6	55.0	55.1	83.2	78.2	16.8	21.8	234	304
Richmond, Virginia	230	11	10	36.5	31.0	61.5	61.5	38.5	38.5	499	672

[fol. 6543]

Cities with 250,000 to 300,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Miami, Fla.	259	10	14	38.0	40.9	63.2	55.2	36.8	44.8	280	595
Omaha, Nebr.	251	9	10	36.4	47.9	56.6	67.4	43.5	32.6	452	522
Jersey City, N.J.	299	8	7	30.8	26.8	55.6	52.0	44.4	48	406	467
Akron, Ohio	275	5	5	38.7	46.7	67.9	68.1	32.1	31.9	331	476
Canton, Ohio	275	5	5	33.1	32.0	65.1	62.5	34.9	37.5	136	195
Fort Worth, Texas	279	8	15	43.6	37.4	78.4	72.8	21.6	27.2	410	739

[fol. 6544]

Cities with 300,000 to 350,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Birmingham, Ala.	326	6	6	63.9	63.3	93.5	88.4	6.5	11.6	372	527
Long Beach, Calif.*	320										
San Diego, Calif.*	334										
Atlanta, Ga.	331	13	12	42.0	35.2	62.7	58.6	37.3	41.4	820	1,117
St. Paul, Minn.	311	18	20	59.6	55.6	78.0	70.6	22.0	29.4	519	642
Rochester, N.Y.	332	5	4	47.2	44.9	67.8	71.4	32.2	28.6	495	738
Toledo, Ohio	304	6	6	68.9	59.1	83.3	75.9	16.7	24.1	380	548

* Figures omitted because city served in a substantial way or entirely by branch banks.

[fol. 6545]

Cities with 350,000 to 400,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1955	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Oakland, Calif.*	384										
San Bernardino, Calif.*	362										
Louisville, Ky.	369	12	10	34.6	30.7	55.7	52.5	44.3	47.5	532	738
Columbus, Ohio	376	9	7	42.6	53.5	71.4	74.8	28.6	25.2	468	763
Portland, Oregon	374	6	6	45.4	47.9	92.8	92.3	7.2	7.7	1,117	1,613
Memphis, Tenn.	396	5	7	47.	45.7	80.2	80.3	19.8	19.7	473	698

* Figures omitted because city served in a substantial way or entirely by branch banks.

[fol. 6546]

Cities with 400,000 to 450,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Denver, Colorado	416	13	19	27.2	22.5	44.8	38.6	55.2	61.4	611	921
Indianapolis, Ind.	427	16	8	36.7	41.1	52.4	69.2	47.6	30.8	780	1,102
Newark, N.J.	439	13	8	40.7	35.9	55.4	61.1	44.6	38.9	864	1,027
Dallas, Texas	434	19	18	31.6	35.8	58.7	71.0	41.3	29.	1,037	2,171
San Antonio, Texas	408	11	16	32.8	27.7	57.9	54.9	42.1	45.1	401	582

[fol. 6547]

Cities with 450,000 to 500,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Kansas City, Mo.	456	25	30	37.3	34.8	58.3	56.4	41.7	43.6	1,142	1,395
Seattle, Washington	467	7	6	44.1	46.1	75.2	76.3	24.8	23.7	1,280	1,600

fol. 6548]

Cities with 500,000 to 750,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Buffalo, New York	580	7	5	45.9	52.7	78.1	85.8	21.9	14.2	788	1,283
Cincinnati, Ohio	504	15	7	25.5	33.8	47.2	62.6	52.8	37.4	1,003	1,232
Houston, Texas	596	16	32	20.3	32.9	38.1	52.3	61.9	47.7	979	2,005
Milwaukee, Wisc.	637	19	19	56.0	48.2	69.1	65.7	30.9	34.3	1,107	1,295
Minneapolis, Minn.	521	17	18	40.6	38.3	79.5	75.1	20.5	24.9	972	1,145
New Orleans, La.	570	6	5	47.4	39.9	65.8	62.0	34.2	38	739	1,074
Pittsburgh, Penn.	677	34	19	30	60.0	58.8	78.7	41.2	21.3	1,991	3,236

[fol. 6549]

Cities with 750,000 to 1,000,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Bank 1946	% Held by Largest Bank 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Baltimore, Md.	950	15	10	27.0	23.1	44.0	44.5	56	55.5	1,130	1,243
Boston, Mass.	801	15	12	51.8	54.0	67.6	68.3	32.4	31.7	2,720	2,936
Cleveland, Ohio	915	11	9	49.2	45.2	72.2	69.2	27.8	30.8	2,055	2,946
San Francisco, Calif.	775	12	15	59.5	58.7	72.5	70.6	27.5	29.4	7,516	13,117
St. Louis, Mo.	857	29	28	26.7	27.8	47.6	44.1	52.4	45.9	1,809	2,290
Washington, D.C.	802	21	17	29.9	30.5	42.3	47.7	57.7	52.3	1,109	1,508

[fol. 6550]

Cities with Over 1,000,000 Population

City	Pop.	Number of Banks 1946	Number of Banks 1956	Resources: % Held by Largest Largest 1946	% Held by Largest Largest 1956	% Held by 2 Largest Banks 1946	% Held by 2 Largest Banks 1956	% Held by Remaining Banks 1946	% Held by Remaining Banks 1956	Total All Commercial Banks 1946 (Millions)	Total All Commercial Banks 1956 (Millions)
Chicago, Ill.	3,621	64	76	29.1	25.8	55.7	49.5	44.3	50.5	8,161	11,044
Detroit, Mich.	1,849	11	7	48.2	46.9	67.9	66.5	32.1	33.5	2,616	4,073
Los Angeles, Calif.	1,907	9	12	42.8	39.1	67.9	63.0	32.1	37.0	4,044	5,574
New York, N.Y.	7,892	79	57	16.5	21.	31.1	39.8	68.9	60.2	31,953	33,793
Philadelphia, Penn.	2,072	43	19	22.2	25.2	37.6	48.5	62.4	51.5	3,463	4,218

[fol. 6551] **Defendants' Exhibit 47**

Assets of the Largest Commercial Bank as Per Cent of Total Assets of all Commercial Banks in Cities with Population Over 100,000

Percentages as of June 30, 1956, except Philadelphia, December 31, 1960, giving pro forma effect to the merger

1.	Gary, Ind.	88.4
2.	Dearborn, Mich.	82.2
3.	Niagara Falls, N. Y.	79.2
4.	Cambridge, Mass.	73.1
5.	Greensboro, N. C.	69.4
6.	Savannah, Ga.	69.1
7.	Birmingham, Ala.	63.3
8.	Yonkers, N. Y.	62.2
9.	Paterson, N. J.	61.9
10.	Dayton, Ohio	61.5
11.	Corpus Christi, Texas	60.4
12.	Pittsburgh, Pa.	60.0
13.	Montgomery, Ala.	59.3
14.	Toledo, Ohio	59.1
15.	San Francisco, Calif.	58.7
16.	Providence, R. I.	57.9
17.	Camden, N. J.	56.6
18.	Scranton, Pa.	56.6
19.	Phoenix, Ariz.	56.5
20.	Charlotte, N. C.	56.2
21.	Worcester, Mass.	56.0
22.	Knoxville, Tenn.	55.6
23.	St. Paul, Minn.	55.6
24.	Madison, Wis.	55.5
25.	Norfolk, Va.	55.1
26.	Jackson, Miss.	55.0
27.	Chattanooga, Tenn.	54.0
28.	Boston, Mass.	54.0
29.	Albany, N. Y.	54.0
30.	Columbus, Ohio	53.5
31.	Buffalo, N. Y.	52.7
32.	Bridgeport, Conn.	52.3
33.	Tacoma, Wash.	50.5
34.	New Bedford, Mass.	49.7
35.	Hartford, Conn.	49.2
36.	Oklahoma City, Okla.	48.3
37.	Allentown, Pa.	48.3
38.	Milwaukee, Wis.	48.2
39.	Portland, Oreg.	47.9
40.	Omaha, Nebr.	47.9
41.	Mobile, Ala.	47.7
42.	Utica, N. Y.	47.6
43.	Wichita, Kans.	47.6
44.	Albuquerque, N. M.	47.4
45.	El Paso, Texas	47.1
46.	Detroit, Mich.	46.9
47.	Akron, Ohio	46.7
48.	Seattle, Wash.	46.1
49.	Spokane, Wash.	45.8
50.	Memphis, Tenn.	45.7
51.	Portsmouth, Va.	45.6
52.	Hammond, Ind.	45.5
53.	South Bend, Ind.	45.5
54.	Fort Wayne, Ind.	45.5
55.	Shreveport, La.	45.4
56.	Cleveland, Ohio	45.2
57.	Rochester, N. Y.	44.9
58.	Duluth, Minn.	44.7
59.	Amarillo, Texas	42.9
60.	Tulsa, Okla.	42.3
61.	Indianapolis, Ind.	41.1
62.	Wichita Falls, Texas	41.0
63.	Miami, Fla.	40.9
64.	New Orleans, La.	39.9
65.	Erie, Pa.	39.6
66.	Lincoln, Nebr.	39.2
67.	Los Angeles, Calif.	39.1
68.	Columbus, Ga.	39.0
69.	Nashville, Tenn.	38.6
70.	Rockford, Ill.	38.4
71.	Minneapolis, Minn.	38.3
72.	Evansville, Ind.	38.3
73.	Springfield, Mass.	38.2
74.	Trenton, N. J.	37.8
75.	Waterbury, Conn.	37.7
76.	Fort Worth, Texas	37.4
77.	Peoria, Ill.	37.2
78.	Youngstown, Ohio	37.1
79.	Philadelphia, Pa.	36.2
80.	Tampa, Fla.	36.2
81.	Newark, N. J.	35.9
82.	Elizabeth, N. J.	35.8
83.	Dallas, Texas	35.8
84.	New Haven, Conn.	35.6
85.	Syracuse, N. Y.	35.2
86.	Atlanta, Ga.	35.2
87.	Lubbock, Texas	35.0
88.	Kansas City, Mo.	34.8
89.	Jacksonville, Fla.	34.8
90.	Austin, Texas	34.7
91.	Little Rock, Ark.	33.9
92.	Cincinnati, Ohio	33.8
93.	Houston, Texas	32.9
94.	Canton, Ohio	32.0
95.	St. Petersburg, Fla.	31.4
96.	Des Moines, Iowa	31.2
97.	Richmond, Va.	31.0
98.	Louisville, Ky.	30.7
99.	Washington, D. C.	30.5
100.	Topeka, Kans.	28.7
101.	St. Louis, Mo.	27.8
102.	Baton Rouge, La.	27.8
103.	San Antonio, Texas	27.7
104.	Jersey City, N. J.	26.8
105.	Chicago, Ill.	25.8
106.	Salt Lake City, Utah	24.5
107.	Kansas City, Kans.	24.1
108.	Baltimore, Md.	23.1
109.	Denver, Colo.	22.5
110.	New York, N. Y.	21.0

[fol. 6552]

Sources: Philadelphia: Defendants' Ex. 15. for identification; All Other: Polk's Directory; Comptroller of the Currency; The World Almanac, 1961' Page 82.

Notes: The Philadelphia percentage shown is based upon a total assets figure which includes all assets of Brown Brothers Harriman & Co. and First Camden Bank & Trust Co., no classification of the assets of these banks into Philadelphia and non-Philadelphia assets being available.

The above list includes all U. S. cities with populations in excess of 100,000 by the 1960 census, except for twenty cities, twelve of them being in California, which on June 30, 1956, were served to a major degree by branches of banks with Main Offices in other cities, or for which data were otherwise not available.

[fol. 6553] DEFENDANT'S EXHIBIT 48

Annual Report of the Federal Deposit Insurance Corporation for the Year Ended, December 31, 1960

* * * * * * *

[fol. 6554] Part Two—Changes in the Number of Banking Offices, 1859-1959, and in the Relative Position of Banks, 1921-1958.

[fol. 6555] Changes in the Number of Banking Offices, 1859-1959, and in the Relative Position of Banks, 1921-1958

During the four decades since 1920 there have been fundamental and far-reaching changes in the number of operating banks and branches in the United States. In 1921, approximately 31,000 banks were in operation, the largest number in the nation's history. From that peak the number of banks has declined to about 14,000. Branches, on the other hand, numbered fewer than 1,500, or less than five percent of all banking offices, in 1921; but there are now nearly 11,000 branches, comprising more than 40 percent of all banking offices.

These changes in the numbers of banks and branches have given rise to diverse reactions. Some people view the decline in number of banks and the rise in number of branches with alarm; others see the same developments as beneficial, or at least as natural and reasonable adjustments to more fundamental changes in our economic system. An analysis is given here of changes in the number of banks

and branches, with comments regarding their effect on the competitive character of the banking system.[1]

Changes in Number of Banks and Banking Offices in the United States, 1859-1959

Because of the peak in the number of banks in 1921, the magnitude of the subsequent decline, and the lack of annual data on the character of bank changes prior to 1921, that year has become the bench-mark from which changes in the banking structure are usually measured. Use of 1921 as the starting point in analyses of bank changes carries a connotation of normality in the banking structure of that year. Such an implication is unwarranted; in fact the banking structure in 1921 appears to have been inherently unstable. Many sections of the country were undoubtedly "over-banked" in the sense that they could not support for long the number of banks attempting to do business. Accordingly, bank changes since 1920 should be viewed in the perspective of such changes over a longer period of time.

Changes in number of banks, 1859-1959. The past 100 years of American banking have been characterized by periods of remarkably rapid change, intermixed with periods of minor change. For approximately six decades, from 1859 to 1921, the number of banks moved almost continuously upward—sometimes slowly or with interruptions as in the 1870's and 1890's, and sometimes very rapidly, as during the early 1900's. The decline which began in 1921, like the rise that preceded it, has been virtually continuous [fol. 6556] and also at an uneven pace. There was a precipitous fall in the number of banks during the 12 years after 1921, and during the quarter of a century subsequent to 1933 a slow downward drift. Annual data are given in Tables 15 and 16.

Although the growth in number of banks during the six decades from 1860 to 1920 did not proceed at an even pace, in all but a few years that growth exceeded the rate of population increase. By 1920 the average bank in the United States depended for its potential business on a smaller number of people than ever before or since in the nation's history. A century ago there were about 3,000 banks in

[1] Changes in the number of banks and branches during 1960 are described in Part Four of this report.

the nation; and about 11,000 people for each bank. By 1880 the number of persons per bank had declined to about 8,000, by 1890 to 6,000, and by 1920 to fewer than 3,500.

The instability of the 1921 banking structure was demonstrated by the fact that the number of banks fell by half in the next 12 years. About one third of this great reduction occurred during the predominantly prosperous period of the 1920's, and two-thirds during the depression years, 1930-1933. The decline in number of banks from 1920 to 1933, when adjusted for those that reopened after the banking holiday of 1933, was enough to offset the increase, relative to population, of the 40 years prior to 1920, so that the population per bank was again about 8,000.

During 1934 there was a significant increase in the number of banks, due almost entirely to reopening of banks previously closed. From 1934 to 1959 there was a slow decline in the number of banks, at an average rate of about one-half of 1 percent per year. However, the growth of population during this time resulted in a rise in population per bank to nearly 13,000.

Changes in number of branches and total banking offices, 1900-1959. Changes in the number of banks do not, of course, accurately reflect changes in the availability of banking services. Because of the increase in the number of branches, particularly in most of the large cities and throughout several States, the population per banking office is now much smaller than the population per bank. Annual data since 1920, and by 5-year periods from 1900 to 1920, are given in Tables 15 and 16.

The earliest year for which a tabulation of branches is available is 1900, when about a hundred branches were being operated by incorporated commercial banks.[1] During the next twenty years, when there was an increase of about 18,000 in the number of banks, the increase in number of branches was about 1,200. From 1920 to 1934, when the

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[1] Information regarding the number of branches of private banks and of mutual savings banks prior to 1934 is not available, but the number is believed to have been small.

[fol. 6557]

Table 15. Number of Banks and Population Per Bank, 1859–1934, and Number of Branches and Offices and Population Per Office, 1900–1934, Continental United States

1859–1896

Year	Number of banks [1]	Population per banks [2]
1859	2,829	10,847
1860	3,051	10,329
1861	2,905	11,136
1862	2,778	11,947
1863	2,853	11,926
1864	3,016	11,559
1865	3,696	9,659
1866	4,013	9,105
1867	4,183	8,935
1868	4,308	8,870
1869	4,258	9,171
1870	4,491	8,866
1871	5,089	8,044
1872	5,374	7,810
1873	5,680	7,571
1874	5,994	7,347
1875	6,067	7,405
1876	6,125	7,528
1877	6,256	7,535
1878	6,136	7,851
1879	6,074	8,101
1880	6,110	8,226
1881	6,377	8,082
1882	6,825	7,739
1883	7,304	7,407
1884	7,757	7,139
1885	7,939	7,137
1886	8,366	6,925
1887	9,171	6,457
1888	9,606	6,298
1889	10,236	6,035
1890	11,055	5,704
1891	11,738	5,483
1892	12,006	5,469
1893	12,393	5,404
1894	12,196	5,598
1895	12,347	5,635
1896	12,324	5,752

1896–1934

Year	Total offices	Number of banks (midyear) [3]	Number of branches [4]	Population per office [2]	Population per bank [2]
1896		12,112			5,852
1897		12,079			5,976
1898		12,163			6,042
1899		12,459			6,004
1900	13,172	13,053	119	5,777	5,830
1901		14,054			5,520
1902		15,112			5,238
1903		16,433			4,907
1904		17,659			4,653
1905	19,117	18,767	350	4,385	4,466
1906		20,407			4,187
1907		21,986			3,957
1908		23,161			3,830
1909		23,734			3,813
1910	25,699	25,151	548	3,596	3,674
1911		25,815			3,636
1912		26,472			3,601
1913		27,285			3,563
1914		27,864			3,557
1915	28,802	28,017	785	3,491	3,589
1916		28,362			3,595
1917		28,919			3,576
1918		29,480			3,546
1919		29,767			3,530
1920	32,190	30,909	1,281	3,307	3,444
1921	32,531	31,076	1,455	3,337	3,493
1922	32,537	30,736	1,801	3,382	3,581
1923	32,498	30,444	2,054	3,445	3,677
1924	31,898	29,601	2,297	3,577	3,855
1925	31,577	29,052	2,525	3,668	3,987
1926	31,053	28,350	2,703	3,781	4,141
1927	30,169	27,255	2,914	3,946	4,368
1928	29,539	26,401	3,138	4,079	4,564
1929	28,921	25,568	3,353	4,210	4,763
1930	27,795	24,273	3,522	4,428	5,071
1931	25,709	22,242	3,467	4,825	5,577
1932	22,512	19,317	3,195	5,545	6,463
1933	17,555	14,771	2,784	7,153	8,502
1934	18,918	15,913	3,005	6,680	7,942

[1] 1859–1877: banks other than national and mutual savings compiled from listings for those operating at end of year in Homan's Bankers Almanacs and (for a few States) histories of banking and other sources, omitting agencies and brokers listed among private bankers and including institutions listed as branches because many of these were more closely akin to present-day independent banks (particularly in Indiana, Iowa, and Ohio prior to 1855), or to chain banks, than to branches; national banks, number at call date nearest end of year, annual report of Federal

Deposit Insurance Corporation for 1934, p. 107 (original data from annual reports of Comptroller of the Currency); mutual savings banks, 1859–1864, Emerson W. Keyes, *A History of Savings Banks in the United States* (New York, 1878), vol. II, p. 532, and 1865–1877, annual report of Federal Deposit Insurance Corporation for 1934, p. 112. 1878–1896: State banks, trust companies, and private banks, George E. Barnett, *State Banks and Trust Companies*, publication of National Monetary Commission, Senate Document No. 659, 61st Congress, 3d Session, 1911, pp. 248–50 (original data from State reports and Homan's Bankers Almanacs); national banks, number at call date nearest June 30, annual report of Federal Deposit Insurance Corporation for 1934, pp. 107–08 (original data from annual reports of Comptroller of the Currency); mutual savings banks, annual report of Federal Deposit Insurance Corporation 1934, pp. 112–13 (original data from various sources).

[2] Computed from number of banks or offices and population as of July 1 as estimated by Bureau of the Census and published in *Historical Statistics of the United States, 1789–1945*.

[3] Board of Governors of the Federal Reserve System, *All-Bank Statistics, United States, 1896–1955* (1959), p. 33. Number of banks in territories and possessions, not included, ranged from none in 1896 and 1 in 1897 to 60 in 1929 and 44 in 1934 (*ibid.* p. 1153).

[4] Branches of incorporated commercial banks, Board of Governors of the Federal Reserve System, *Banking and Monetary Statistics*, p. 297. For years prior to 1924 the figures are not for any uniform month; for 1924 and 1927–1931 they are as of June; for 1925–1926 and 1932–1934, as of December. Branches of private banks and mutual savings banks, for which data are not available prior to 1934 and numbered about 125 in that year, are omitted.

[fol. 6558] number of banks was reduced by about 15,000, there was an increase of about 1,700 in the number of branches; and from 1934 to 1959, when there was a slow downward trend in number of banks with a total reduction of about 2,000, there was a relatively large growth, about 7,000 in number of branches.

Table 16. Number of Banks and Branches in the United States (Continental U. S. and Other Areas), 1933-1959

December 31	Total banking offices [1]	Number of banks [1]	Number of branches [1]	Population per office [2]	Population per bank [2]
1933 [3]	18,402	15,363	3,039	6,943	8,316
1934	19,360	16,128	3,232	6,643	7,974
1935	19,395	16,023	3,372	6,677	8,083
1936	19,298	15,809	3,489	6,755	8,246
1937	19,162	15,556	3,606	6,845	8,432
1938	19,018	15,370	3,648	6,952	8,602
1939	18,889	15,196	3,693	7,058	8,773
1940	18,791	15,063	3,728	7,154	8,925
1941	18,757	14,988	3,769	7,234	9,054
1942	18,650	14,837	3,813	7,330	9,213
1943	18,740	14,740	4,000	7,323	9,310
1944	18,841	14,700	4,141	7,222	9,256
1945	18,881	14,713	4,168	7,185	9,220
1946	18,967	14,747	4,220	7,535	9,691
1947	19,171	14,763	4,408	7,635	9,914
1948	19,363	14,750	4,613	7,697	10,105
1949	19,594	14,730	4,864	7,739	10,295
1950	19,851	14,693	5,158	7,769	10,496
1951	20,156	14,662	5,494	7,762	10,670
1952	20,449	14,616	5,833	7,769	10,869
1953	20,780	14,553	6,227	7,768	11,092
1954	21,160	14,409	6,751	7,765	11,404
1955	21,676	14,285	7,391	7,728	11,726
1956	22,315	14,209	8,106	7,640	11,999
1957	22,907	14,130	8,777	7,579	12,287
1958	23,553	14,060	9,493	7,498	12,560
1959	24,242	14,004	10,238	7,407	12,823

[1] Tabulations of the Federal Deposit Insurance Corporation. Data have been revised and for most years differ slightly from those published in the respective annual reports of the Corporation. For 1933 and 1934 numbers exceed those in Table 15 by the number of mutual savings branches in continental United States plus the number of commercial and mutual savings banks and branches in other areas (Alaska, American Samoa, Hawaii, Mariana Islands, Panama Canal Zone, Puerto Rico, and Virgin Islands).

[2] Population data used are Bureau of the Census estimates for July 1, as published in *Historical Statistics of the United States, 1789-1945*, and various issues of the *Statistical Abstract of the United States*.

[3] As of January 1, 1934. Figures differ from those for December 30, 1933, because of banks absorbed or otherwise ceasing operations after the close of business on December 30, and because of those unlicensed on that date but approved for insurance or licensed in time to reopen on the morning of January 2, 1934.

The consequences of these changes was a growing divergence between the population per bank and the population per banking office. Both in 1900 and in 1920 the population per banking office was only a little smaller than the population per bank. By 1934 there was a greater difference, with about 8,000 persons per bank and 6,000 per banking office. But at the end of 1959, when the population per bank was nearly 13,000, the population per office was about 7,400. The latter figure was smaller than in 1880, when the population per bank was over 8,000 and there were relatively few branches. This seems remarkable in view of the much [fol. 6559] greater accessibility of banking offices today because of urbanization and transportation developments and the consequent ability of a banking office to serve conveniently a larger number of persons.

Character of Bank and Branch Changes

Character of bank changes, 1859-1920. Detailed statistics regarding the character of bank changes prior to 1921 are not available. However, there was a remarkable increase in number of banks during the twenty years preceding 1921, with a consequent decline in population per bank.

Character of bank changes, 1921-1934. From 1920 to 1959 the number of banks going out of business exceeded the number opened in all years except 1934 and 1945-1947. However, the changes from 1920 to 1934 were of a different order of magnitude, largely different in character, and the available statistics are somewhat different, than for the period after 1934. It is accordingly convenient to present separately, in Tables 17 and 18, the pertinent data for these two periods.

In the years 1921-1933, the number of banks going out of business was far greater than the number opened. Annual data for each year of this period and for 1934 are shown in Table 17, with the closings classified into those suspended, those absorbed, and those placed in voluntary liquidation, and the openings divided between new banks and reopenings of suspended banks. The data pertain to incorporated commercial banks in continental United States. Most of the changes occurred among those banks, the net decrease in the number of incorporated commercial banks for 1920 to 1934 being approximately 14,000, compared with about 900

for unincorporated commercial banks and about 50 for mutual savings banks.

The decline of 14,000 in the number of incorporated commercial banks during the years 1921-1934 represented the difference between the closing of 22,000 banks and the opening of about 8,000 banks, with the latter figure including reopenings of suspended banks and the chartering of previously unincorporated banks. About half of the openings were new banks, and nearly half reopenings of suspended banks.

Bank suspensions from 1921 to 1934 accounted for nearly two-thirds of the 22,000 banks that ceased business during that period. Suspensions were numerous during the prosperous years of the 1920's. In each year from 1923 through 1929 the number of banks ceasing operation because of financial difficulties substantially exceeded the number of newly organized banks, the typical ratio being about two failed banks for each new bank. In all, over 5,400 banks suspended during the nine years, 1921-1929, or an average of about 600 per year during one of the most prosperous decades in the nation's history. These failures represented,

[fol. 6560] Table 17. Analysis of Changes in Number of Incorporated Commercial Banks in Continental United States, 1921–1934

Year	Number at end of preceding year[1]	Net change during period	Began operations: Total	Began operations: New banks[2]	Began operations: Reopenings of suspended banks[3]	Ceased operations: Total	Ceased operations: Absorbed[4]	Ceased operations: Suspended[5]	Ceased operations: Voluntary liquidations	Other changes—net[6]
Total 1921–1934	......	−13,963	7,473	4,438	3,035	21,777	6,516	14,267	994	+341
1921	29,206	−188	565	472	93	814	305	461	48	−61
1922	29,018	−198	527	409	118	772	394	343	35	+47
1923	28,820	−424	526	458	68	1,003	329	623	51	+53
1924	28,396	−672	491	383	108	1,191	373	738	80	+28
1925	27,724	−501	484	403	81	1,001	363	579	59	+16
1926	27,223	−943	505	345	160	1,461	462	924	75	+13
1927	26,280	−812	423	296	127	1,260	567	636	57	+25
1928	25,468	−765	305	252	53	1,084	534	479	71	+14
1929	24,703	−1,008	304	235	69	1,321	636	628	57	+9
1930	23,695	−1,818	308	153	155	2,129	769	1,292	68	+3
1931	21,877	−2,728	380	105	275	3,110	798	2,213	99	+2
1932	19,149	−1,571	372	93	279	1,950	433	1,416	101	+7
1933	17,578	−3,226	1,020	323	697	4,302	322	3,891	89	+56
1934[7]	14,352	+891	1,263	511	752	379	231	44	104	+7

[1] *Federal Reserve Bulletin*, November 1937, p. 1087. Excludes mutual savings banks and private banks.

[2] Excludes new banks organized to succeed operating banks, but for 1933 and 1934 includes new banks organized to succeed national and State banks unlicensed after the banking holiday.

[3] For 1921–32 includes reopenings accompanied by a change of name and issuance of a new charter. For 1933–34 includes banks closed during the banking holiday in March 1933 which were licensed subsequent to June 30, 1933. Banks licensed between March 15 and June 30, 1933, are not included in this table (either as suspensions or reopenings.)

[4] Decrease in number resulting from consolidations, mergers, and absorptions of going banks. Does not include suspended banks that were taken over by other banks.

[5] Includes banks which reopened in the same or a subsequent year.

[6] Chiefly conversions from private banks, but including some unclassified changes, particularly in 1933.

[7] Changes in 1934 include banks that had been closed at the time of the banking holiday and were unlicensed as of December 30, 1933, but were approved for deposit insurance or licensed in time to reopen on January 2, 1934, and other changes between those dates.

[fol. 6561]

Table 18. Analysis of Changes in the Number of Banks and Branches in the United States (Continental U.S. and Other Areas), 1934–1959

Year	Total Banking offices—net change	Banks: Net change	Banks: Began operations: New banks[1]	Banks: Began operations: Reopenings of suspended banks[2]	Banks: Ceased operations: Absorbed[3]	Banks: Ceased operations: Suspended[4]	Banks: Ceased operations: Other liquidations	Banks: Other or unclassified changes net	Branches: Net change	Branches: Opened for business: Succeeded absorbed banks	Branches: Opened for business: Other new branches[5]	Branches: Discontinued[6]	Branches: Other or unclassified changes—net[7]
Total 1934–1959	+5,840	−1,359	2,070	1,224	3,177	561	915	....	+7,199	2,130	6,375	1,385	+79
1934[8]	+958	+765	130	1,042	212	62	131	−2	+193	75	186	100	+32
1935	+35	−105	97	110	170	32	109	−1	+140	87	138	86	+1
1936	−97	−214	61	22	161	72	65	+1	+117	73	100	56	....
1937	−136	−253	63	12	177	83	68	....	+117	90	96	69	....
1938	−144	−186	44	2	87	80	65	....	+42	43	51	52	....
1939	−129	−174	34	9	100	72	45	....	+45	43	52	50	....
1940	−98	−133	41	6	78	48	54	....	+35	41	51	57	....
1941	−34	−75	48	3	59	16	51	....	+41	19	59	39	+2
1942	−107	−151	22	2	81	23	71	....	+44	28	68	52	....
1943	+90	−97	52	....	83	5	62	....	+187	23	212	48	....
1944	+101	−40	69	1	74	2	34	....	+141	36	138	33	....
1945	+40	+13	118	1	77	1	28	....	+27	40	133	146	....
1946	+86	+34	144	3	93	2	18	....	+52	55	171	174	....
1947	+204	+16	114	2	82	6	12	....	+188	55	165	31	−1
1948	+192	−13	79	1	77	3	13	....	+205	59	162	20	+4
1949	+231	−20	78	1	76	9	14	....	+251	61	201	11	....
1950	+257	−37	68	....	89	5	11	....	+294	73	231	22	+12
1951	+305	−31	65	....	79	5	12	....	+336	59	298	24	+3
1952	+293	−46	69	1	99	4	13	....	+339	84	278	21	−2
1953	+331	−63	65	3	115	5	11	....	+394	97	323	29	+3
1954	+380	−144	72	1	207	4	6	....	+524	181	378	37	+2
1955	+516	−124	117	....	231	5	5	....	+640	206	483	50	+1
1956	+639	−76	122	1	189	3	7	....	+715	168	582	39	+4
1957	+592	−79	87	1	161	3	3	....	+671	145	555	33	+4
1958	+646	−70	96	....	152	9	5	....	+716	135	615	37	+3
1959	+689	−56	115	1	169	3	2	+2	+745	154	649	69	+11

[1] Mostly new banks, but includes previously operating financial institutions which became banks of deposit.
[2] Reopenings of or successors to suspended banks, including banks previously in conservatorship, operating under restrictions, or in receivership or liquidation.
[3] Net decrease as a consequence of absorptions, consolidations, and mergers (excluding cases involving financial aid by the Federal Deposit Insurance Corporation).
[4] Banks closed because of financial difficulties, including banks the deposits of which were assumed by other insured banks with the financial assistance of the Federal Deposit Insurance Corporation.
[5] Includes a small number of branches replacing banks relocated or placed in liquidation or receivership, and facilities established in or near military or other Federal government installations.
[6] Includes facilities discontinued at military or other Federal government installations.
[7] For 1934, includes branches of banks reopened or previously operating under restrictions.
[8] Changes in 1934 exclude banks approved for insurance or licensed to reopen on January 2, 1934, and other changes between the close of business on December 30, 1933, and the opening of business on January 2, 1934.

[fol. 6562] primarily, the inability of banks in the agricultural regions of the nation to adjust themselves to the impact of a set of economic circumstances having an adverse effect on agriculture and on the trading centers of agricultural areas, even though business throughout the nation was generally prosperous. The depression of the early 1930's saw a catastrophic rise in bank suspensions, as approximately 9,000 banks failed during four years. This depression, which was nation-wide, together with the financial panic of 1933, was primarily responsible for the extraordinarily large number of failures during those years.

Bank absorptions, using that term to include consolidations, mergers, and assumption of deposit liabilities of one bank by another, were of significant importance in the decline in the number of banks between 1920 and 1934, although they ranked well below bank suspensions as a cause of the decline in number of banks. Absorptions accounted for about three out of every ten banks ceasing business during this period, whereas suspensions were responsible for approximately six out of every ten banks that closed.

Expansion of branch banking systems was not a primary force in these bank absorptions. The number of banks absorbed was much larger than the increase in the number of branches operated and a relatively small proportion of the absorptions occurred in the same States as most of the increase in branches. Moreover, during most of the period from 1920 to 1934, the number of absorptions appears to have been related to the number of suspensions. Both tended to rise during the 1920's and both increased with the onset of the depression, though absorptions dropped back to earlier levels as the depression continued. Also, the majority of the absorptions occurred in the same States as the majority of suspensions. Many, if not most, of the absorption transactions of that period appear to have been alternatives either to failure or to voluntary liquidation. To the extent that this was true, bank absorptions were not a direct cause of decline in the number of banks but, instead, only the means by which many banks, which would have ceased business in any event, happen to have left the banking scene.

Of the banks that suspended during the years 1921-1930, more than 200 were taken over, after suspension, by another bank. Thus whether a distressed bank was deleted

from the count because it suspended or because it was absorbed apparently depended to a great extent on whether it was able to find a purchaser; i.e., another bank, prior to suspension; if it was successful it appears in tabulations as an absorption; if not immediately successful it appears in such tabulations as a suspension. It is noteworthy that with the precipitous decline in number of bank failures after 1933 and the consequent stabilization of the banking system [fol. 6563] there occurred a decline of similar proportions in the number of bank absorptions.[1]

Voluntary liquidations accounted for less than 5 percent of the banks ceasing operations during the period from 1920 to 1934. Little specific information is available regarding the reasons for these liquidations, but it is highly likely that the motivation in most of them was unprofitability.

In summary, the character of bank changes from 1920 to 1934 indicates that most of those changes were a consequence of a previous uneconomic and hence undesirable expansion in the number of banks, or of an inevitable adjustment to changes in communications and transportation facilities that brought more competition into banking and made survival of many of the smaller banks impossible, or were due to the impact of the forces that produced the deep depression of the early 1930's. Consequently, the great reduction in number of banks that resulted from the changes of the 1920-1934 period has no significant relevance to bank absorptions today.

Character of bank changes, 1934-1959. Both the number of banks beginning operations and the number ceasing operations were much smaller during the 25 years from 1934 to 1959 than during the preceding thirteen years. However, the number of branches experienced far more change in the recent period than in the earlier one. Table 18 shows for

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[1] The probability that many absorptions during the 1920's and early 1930's were "forced lifesaving jobs . . . to prevent failure" was noted in *Concentration of Banking in the United States,* a Staff Report of the Board of Governors of the Federal Reserve System submitted to the Subcommittee on Monopoly of the Select Committee on Small Business, U. S. Senate, September 10, 1952, p. 6.

all banks in the entire United States the character of changes occurring each year from 1934 to 1959, inclusive, with a classification similar to that for changes among incorporated commercial banks in continental United States in the preceding table; and also shows the character of changes among branches each year. The figures in this table are more inclusive than those in the preceding table, because they include not only commercial banks in continental United States, but also private banks, mutual savings banks, and banks in Alaska, Hawaii, Puerto Rico, and other noncontiguous parts of the nation. The figures are also compiled from different sources and by somewhat different methods than the preceding table. The difference in method of compilation is especially important for 1934, which is covered in both tables, because in this table newly chartered banks that succeeded banks "unlicensed" after the banking holiday (that is, remaining in conservatorship, operating under restrictions, or otherwise in a state of suspended animation without formal placement in receivership or liquidation) are classified with reopenings of suspended banks instead of with new banks as in the preceding table.

[fol. 6564] Of the approximately 3,300 banks beginning operations in the entire United States from 1934 to 1959, inclusive, about 1,200 were reopened suspended banks. Most of the reopenings were in 1934; after 1935 the number of suspended banks reopened became almost negligible. For the 26-year period new banks organized averaged 80 per year, ranging from a low of 22 in 1942, during World War II, to a high of 144 in 1946, the first post-war year. During recent years the number of new banks opened has averaged about 100 per year.

Various reasons account for the fact that since 1934 the rate of opening of new banks has been much smaller than prior to 1920 or during the decade of the 1920's. A survey made by the Joint Economic Committee and published in February 1952 reveals that State bank supervisors, except for those in States in the rapidly growing Southwest, reported receiving relatively few bank applications. Generally speaking, the reasons given were the adequacy of existing banking facilities and the low level of bank profits

relative to other industries.[1] During the past few years the number of applications for new bank charters has increased somewhat because of the high level of economic activity and larger bank profits, but the number is still much lower than in the 1920's. The growth in branch banking is undoubtedly an important factor helping to explain the reduced demand for new banks, particularly in those States which in the 1930's changed their banking codes to permit more expansive or statewide branch banking.

Another factor has been the attitude of bank chartering authorities. With the experience of thousands of bank failures between 1920 and 1934, attributed in many instances to weak or under-capitalized banks in population centers unable to support them, bank chartering authorities were alert to prevent a repetition of the over-banked situation of the early 1920's. While it may to some persons now seem a desirable situation to have, as in 1921, more than 30,000 banks with "open doors for borrowers and depositors throughout the United States,"[2] bank supervisors and chartering authorities of the 1930's and 1940's knew that many of those banks closed their doors with great losses and hardships to their depositors and were determined that this should not happen again. The Federal Deposit Insurance Corporation has particularly stressed capital adequacy as a requirement for insurance.

The closing of banks because of financial difficulties has been of small importance in accounting for changes in the number of banks since 1933. During the entire period from that year to 1959 the net decline in number of banks attrib- [fol. 6565] utable to bank suspensions, including absorptions with Corporation aid, was only 561, less than the number closed because of financial difficulties during a typical

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[1] *Monetary Policy and the Management of the Public Debt*, Replies to questions and other material for use of Subcommittee on General Credit Control and Public Debt Management, Joint Committee on the Economic Report (1952), Part 2, pp. 995-97.

[2] *Bank Mergers and Concentration of Banking Facilities*, a Staff Report to Subcommittee No. 5 of the Committee on the Judiciary, United States House of Representatives, 82d Congress, 2d Session, September 17, 1952, p. 6.

year in the 1920's.[1] The principal causes of the failures that have occurred since 1934 have been: (1) the weakened condition of banks as a consequence of the depression of 1930-1933, which accounted for a substantial percentage of those during the early years of Federal deposit insurance; (2) the inability of small and uneconomic banking units to continue operations; and (3) financial irregularities in banks. The latter factor has accounted for about one-fourth of the banks in financial difficulties handled by the Federal Deposit Insurance Corporation since January 1, 1934.

The fact that bank failures have been relatively infrequent since 1933 of course accounts for the fact that most of the decline in number of banks since 1920 occurred between 1921 and 1934. With the drop in number of bank failures, the precipitous decline in the number of banks which was so apparent during the 1920's, and particularly during the early 1930's, also ceased.

Since 1933 absorptions have been the leading cause of banks ceasing operations, and thus have been largely responsible for the slow downward drift in number of banks during the past 25 years. However, the annual number of absorptions was only about one-fourth of that prior to the depression of the 1930's, and from 1938 to 1952 did not exceed 100 in any one year. The year 1952 appears to mark the beginning of an upturn in bank absorptions, although after reaching a high of 231 cases in 1955 the number declined to 152 in 1958 and 169 in 1959.

Over 900 banks ceased business by voluntary liquidation during the 26 years from 1933 to 1959, accounting for about one-fifth of all banks ceasing business. This is about the same number as during the preceding 13 years. Though the average annual number since 1933 is only about half that of the earlier period, the rate of closing for this reason relative to the number of banks in operation is about the same.

No recent tabulation of the reasons for voluntary liquidations of banks is available, but it appears that in most cases

[1] Absorptions facilitated by financial aid of the Federal Deposit Insurance Corporation are included with suspensions, and excluded from the figures for absorptions, consolidations, and mergers in Table 18.

such liquidations reflect unprofitability, or a management succession problem, combined with inability to find a purchaser. A tabulation of reasons for voluntary liquidations of national banks from 1941 through 1950 supports this conclusion.[2]

In summary, an analysis of bank changes after 1920 shows a much higher degree of stability since 1933 than during the preceding 13-year period. The rapid decline in number of banks ceased abruptly in 1934 as many banks closed during the depression were reopened. Since that time all ele- [fol. 6566] ments affecting bank changes have been of lesser magnitude than during the 1920's and early 1930's, with the greatest difference being that between bank suspensions during the two periods. The organization of new banks has substantially exceeded the number of banks placed in voluntary liquidation or closed because of financial difficulties. The banking facilities which were not uneconomic but were lost in the depression have been replaced. Nevertheless, there was a slow and small decline in the total number of banks, attributable to bank absorptions.

Character of changes in number of branches, 1921-1959. Changes in number of branches have been different from changes in number of banks. In 1921 there were about 32,500 banking offices, including both commercial and mutual savings banks, in the entire United States, of which about 1,500 were branches. At the end of 1959 there were about 24,200 banking offices, including over 10,200 branches.

Except for a relatively small decline during the early 1930's the number of branches has grown in each year of the period, 1921-1959. Since World War II there has been a noticeable acceleration in this growth, reflected in the fact that in recent years the number of branches has been increasing at between 8 and 9 percent per year, compared to an increase of about 4 percent per year during the immediate post-war years.

From 1933 to 1959 growth in number of branches more than offset the decline in number of banks, so that the total number of banking offices increased by more than 30 percent. Though the number of banking offices increased by nearly

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[2] *Bank Mergers and Concentration of Banking Facilities*, a Staff Report to House Committee on the Judiciary, *op. cit.*, p. 18.

6,000 during that period, the total at the end of 1959 was less than three-fourths of the number in 1921. However, in recent years the growth in banking offices has been keeping pace with, or exceeding, the growth in population.

Growth in number of branches is due principally to the opening of new offices. For the entire period, 1934-1959, six times as many branches were opened as were discontinued. Within recent years the number of branches opened has approached 800 per year. Approximately three-fourths of all branches opened during the years, 1934-1959, were new offices, and one-fourth were at the locations of absorbed banks. For that period as a whole approximately two-thirds of the absorbed banks were continued in operation as branches of the absorbing bank, though in recent years this proportion has been about nine out of ten. Thus bank absorptions now have comparatively little effect on changes in the number of banking offices, a different situation than prior to 1934, when only a few of the absorbed banks were continued as branches.

Much of this growth in the number of branches would not have been possible without changes in legislation regarding establishment of branches. Since 1920 many of the States have enlarged the areas within branches which are per- [fol. 6567] mitted, and a few abolished laws prohibiting branhc banking. The pressure for changed banking laws and the actual growth in the number of branches are both traceable to the same set of forces.

The most important underlying reason for the expansion in the number of branches has been a need for additional banking facilities. Whereas many parts of the nation were doubtless over-banked in 1921, by the end of 1933 an under-banked situation existed in many places as a consequence of the disappearance during the preceding four years of about 40 percent of the nation's banks. Some of the States in which bank suspensions had left many communities without adequate banking facilities and which had previously prohibited branch banking changed their banking codes to permit branches, at least for limited types of business. With the continued, [illegible] much slower, decline in the number of banks after [illegible] additional branch offices were opened. However, at the end of World War II there were fewer banking offices in the United States than in 1934. During the intervening years there had been substantial increases

in both population and national output, so that the accelerated growth in the number of branches since the end of World War II may be viewed as representing primarily a response to a need for banking facilities that had been accumulating since the depression of the 1930's.

An additional aspect of population growth which in recent years has been of particular importance to branch banking has been the great development of suburbs and expansion of metropolitan areas in many parts of the country. Except in States where branch banking is prohibited, this has led to the development of suburban business centers in which banks have found it advantageous to operate branches. Existing banks are usually desirous of opening branches in such areas prior to the time when an independent bank would appear to be profitable enough to stimulate its promotion. In addition, city banks have found that they need branches with parking facilities and drive-in windows that cannot be provided at their head office locations.

To some extent the increase in demand for banking facilities has been met by the organization of new banks. However, many places which are unable to support an independent bank can support a branch, sometimes doing only a limited business. More strict requirements of banking legislation and chartering authorities, in comparison with the period before 1920, make establishment of new banks more difficult in many instances.

In States permitting Statewide branch banking and to some degree in those permitting branches in limited areas, the growth in number of branches may also reflect intense competition between two or more large branch banking systems. This has led to aggressive drives for branch locations, including absorptions of unit banks. In such situa- [fol. 6568] tions competition may lead to establishment of a branch in an area of potential economic growth, thereby reducing the need for and making more difficult the establishment of a unit bank when the community achieves the size needed for profitable operation.

Bank Changes by State

Table 19 shows for selected years—1880, 1900, 1920, 1934, and 1958—the number of banks in each State, and for the latter three of these years the number of banking offices.

Table 20 shows for the same years the population per bank and per banking office in each State. Table 21 gives for each State the change in number of banks for three periods —1900 to 1920, 1920 to 1934, and 1934 to 1958—and in number of branches for the last two of these periods. Table 22 shows percentage changes in number of banks and number of banking offices in each State for the same periods.

Changes in number of banks by State, 1880-1958. When the growth in the number of banks prior to 1920 is looked at by State, it becomes evident that this growth was largely concentrated in the agricultural States of the Great Plains. Nine States of this area accounted for 45 percent of the net increase in number of banks between 1900 and 1920 in the entire United States. The extent to which rapid increase in number of banks reduced the potential clientele of individual banks is indicated by the population per bank. In 1880 there was one State and in 1900 four States with fewer than 2,500 persons per bank. By 1920 there were thirteen States with less than 2,500 people per bank, all of them in the Great Plains and Rocky Mountain areas. The State with the lowest figure was North Dakota, with a bank for every 720 persons.

To a considerable degree the decline in number of banks between 1920 and 1934 was also concentrated in the agricultural States of the Great Plains, with the largest reductions in the nine States having the largest increases of the preceding twenty years. These States—Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, and Texas—accounted for 50 percent of the net decrease in number of banks in the entire United States from 1920 to 1934.

The tremendous reduction in the number of banks between 1920 and 1934 reversed the trend toward more and more States with a small number of persons per bank, and raised the population per bank in almost every State. However, the data by States do not indicate that the consequence was an unduly small number of banks in any part of the country in comparison with the situation prior to 1900. In 1934, as in 1900, there were three States with a popula-

[fol. 6569]

Table 19. Number of Banks and Banking Offices, Selected Years, by State

State	Number of banks[1]					Number of banking offices[1]		
	1880	1900	1920	1934	1958	1920	1934	1958
Entire United States[2]	6,110	13,067	30,962	16,128	14,060	32,282	19,360	23,553
Continental United States	6,110	13,053	30,909	16,084	14,018	32,190	19,262	23,305
Alabama	39	107	352	221	239	372	237	301
Arizona	2	21	87	19	8	108	37	151
Arkansas	14	125	487	241	237	493	248	272
California	107	287	717	272	124	896	1,078	1,590
Colorado	45	118	403	165	181	403	165	187
Connecticut	199	205	237	199	151	251	209	353
Delaware	24	25	41	49	29	57	62	75
District of Columbia	7	20	45	22	13	49	52	73
Florida	8	38	263	150	280	265	150	293
Georgia	81	223	779	342	410	804	369	486
Idaho	6	40	222	63	28	222	89	109
Illinois	489	990	1,969	891	946	1,969	891	950
Indiana	239	489	1,057	548	463	1,060	587	711
Iowa	370	1,140	1,922	663	670	1,922	759	833
Kansas	153	487	1,349	741	593	1,349	741	607
Kentucky	134	314	584	441	360	585	466	476
Louisiana	25	78	267	149	186	347	203	342
Maine	136	150	162	105	87	194	164	210
Maryland	77	141	260	201	149	319	298	390
Massachusetts	482	468	526	404	356	526	548	777
Michigan	245	521	851	479	393	1,069	621	886
Minnesota	114	519	1,515	686	687	1,515	692	693
Mississippi	31	113	332	213	194	356	248	318
Missouri	212	676	1,652	703	613	1,652	703	617

Montana	10	56	431	120	115	431	120	116
Nebraska	78	516	1,225	447	423	1,227	450	425
Nevada	16	10	33	10	6	33	15	39
New Hampshire	117	116	126	113	109	127	114	113
New Jersey	112	190	402	426	283	423	543	670
New Mexico	11	14	123	42	53	128	44	96
New York	742	907	1,125	934	561	1,354	1,615	1,935
North Carolina	29	118	578	246	203	624	317	615
North Dakota	16	153	899	207	155	899	209	182
Ohio	426	721	1,145	707	609	1,251	876	1,174
Oklahoma	.....	156	960	414	387	960	414	402
Oregon	9	78	277	106	56	278	136	221
Pennsylvania	623	795	1,482	1,133	750	1,518	1,242	1,465
Rhode Island	115	90	48	33	17	93	74	124
South Carolina	34	137	461	133	144	476	159	272
South Dakota	(3)	205	679	212	172	679	215	226
Tennessee	54	183	548	334	298	579	383	481
Texas	111	410	1,681	947	971	1,681	947	994
Utah	10	39	133	58	49	133	68	117
Vermont	70	89	108	96	64	108	108	95
Virginia	94	159	496	328	312	516	398	546
Washington	3	107	394	204	93	404	235	353
West Virginia	39	127	340	180	183	340	181	183
Wisconsin	145	349	976	627	556	985	722	708
Wyoming	7	33	160	60	52	160	60	53

[1] For 1880, 1900, and 1920, call dates nearest June 30, from sources described in Table 15; for 1934 and 1958, end-of-year call dates, from sources described in Table 16.

[2] Including territories and other areas (except the Philippines).

[3] Included with North Dakota.

tion per bank above 15,000, but in 1880 there had been fourteen States in this category. In 1934, as in 1900, there was no State with more than 25,000 persons per bank, though in 1880 there had been nine such States.[1]

[fol. 6570] From 1934 to 1958 the changes in number of banks by State were of great diversity. In twelve States the number of banks increased. In only one State was there a reduction in the population per bank. In the remaining [fol. 6571] States there was a wide variation in the proportionate change in number of banks, and considerable differences in the rate of growth of population. As a consequence, by 1958 population per bank ranged from about 3,400 in Nebraska to 142,000 in Arizona.

[fol. 6572] Changes in number of banking offices by State. Both in 1934 and in 1958 there was a narrower range in the population per banking office than in population per bank. In 1958, population per office ranged from about 3,100 in South Dakota to 15,100 in Florida. In 1934, the [fol. 6573] range was rather similar, from 2,500 in Kansas to 12,500 in Arizona. These differences between the changes in population per bank, on the one hand, and population per office, on the other, are, of course, the result of rapid expansion of branch banking in some States and its absence or limited development in other States.

The differences among the States in the development of branch banking have been decisively influenced by State legislation. Statewide branch banking has become prevalent in nearly a third of the States; limited area branch banking, largely within county limits, has become prevalent in a third of the States; and unit banking remains predominant in more than a third of the States. Table 23 shows the States in each of these categories at the end of 1958, together with a sub-classification and with notes regarding variations among State laws respecting places in which branches may be located.

[1] In these comparisons the District of Columbia has been omitted because of its greater comparability with metropolitan areas than with the States.

Table 20. Population Per Bank and Per Banking Office, Selected Years, by State

State	Population per bank [1] 1880	1900	1920	1934	1958	Population per banking office [1] 1920	1934	1958
Entire United States	8,214	5,914	3,472	7,974	12,561	3,330	6,643	7,498
Continental United States	8,208	5,822	3,420	7,857	12,360	3,284	6,561	7,434
Alabama	32,371	17,091	6,671	12,353	13,435	6,312	11,519	10,668
Arizona	20,220	5,854	3,841	24,368	142,500	3,094	12,514	7,550
Arkansas	57,323	10,493	3,598	7,876	7,451	3,554	7,653	6,493
California	8,081	5,174	4,779	22,831	115,621	3,825	5,761	9,017
Colorado	4,318	4,574	2,332	6,515	9,453	2,332	6,515	9,1[illegible]
Connecticut	3,129	4,431	5,825	8,307	15,338	5,501	7,909	6,561
Delaware	6,108	7,389	5,439	5,122	15,655	3,912	4,048	6,053
District of Columbia	25,374	13,936	9,724	25,591	63,462	8,930	10,827	11,301
Florida	33,686	13,909	3,682	10,573	15,864	3,655	10,434	15,160
Georgia	19,039	9,512	3,717	8,787	9,312	3,602	8,144	7,856
Idaho	5,435	4,044	1,945	7,619	23,643	1,945	5,393	6,073
Illinois	6,294	4,870	3,294	8,705	10,453	3,294	8,705	10,409
Indiana	8,277	5,146	2,772	6,066	9,894	2,765	5,663	6,443
Iowa	4,390	1,958	1,251	3,775	4,212	1,251	3,298	3,388
Kansas	6,510	3,019	1,312	2,483	3,568	1,312	2,483	3,486
Kentucky	12,303	6,838	4,138	6,161	8,556	4,131	5,830	6,471
Louisiana	37,597	17,713	6,736	14,872	16,720	5,183	10,916	9,094
Maine	4,771	4,630	4,741	7,810	10,943	3,959	5,000	4,533
Maryland	12,142	8,426	5,576	8,532	19,839	4,544	5,755	7,579
Massachusetts	3,699	5,994	7,324	10,743	13,657	7,324	7,920	6,257
Michigan	6,681	4,647	4,311	9,775	20,015	3,432	7,539	8,878
Minnesota	6,848	3,375	1,576	3,885	4,913	1,576	3,851	4,870
Mississippi	36,503	13,728	5,393	9,798	11,268	5,030	8,415	6,874
Missouri	10,228	4,596	2,061	5,265	6,967	2,061	5,265	6,922
Montana	3,915	4,345	1,274	4,567	5,983	1,272	4,567	5,931

Table 20. Population Per Bank and Per Banking Office, Selected Years, by State

State	Population per bank [1]					Population per banking office [1]		
	1880	1900	1920	1934	1958	1920	1934	1958
Nebraska	5,800	2,066	1,058	3,029	3,444	1,057	3,009	3,428
Nevada	3,891	4,234	2,346	9,900	44,500	2,346	6,600	6,846
New Hampshire	2,965	3,548	3,517	4,221	5,358	3,489	4,184	5,168
New Jersey	10,099	9,914	7,850	9,620	20,314	7,461	7,547	8,581
New Mexico	10,869	13,951	2,930	11,190	15,887	2,815	10,682	8,771
New York	6,850	8,014	9,231	13,905	28,929	7,670	8,041	8,387
North Carolina	48,267	16,049	4,428	13,602	22,409	4,101	10,555	7,397
North Dakota	8,448	2,086	720	3,213	4,194	720	3,182	3,571
Ohio	7,507	5,766	5,030	9,573	15,345	4,604	7,726	7,960
Oklahoma	.....	5,067	2,113	5,734	5,904	2,113	5,734	5,684
Oregon	19,418	5,302	2,828	9,557	31,661	2,818	7,449	8,023
Pennsylvania	6,874	7,927	5,884	8,615	14,801	5,744	7,859	7,577
Rhode Island	2,404	4,762	12,592	20,667	51,471	6,499	9,246	7,056
South Carolina	29,281	9,783	3,652	13,609	16,694	3,537	11,384	8,838
South Dakota	([2])	1,959	937	3,198	4,064	938	3,153	3,093
Tennessee	28,562	11,042	4,266	8,228	11,641	4,038	7,175	7,212
Texas	14,340	7,436	2,774	6,426	9,657	2,774	6,426	9,434
Utah	14,396	7,096	3,379	9,086	17,653	3,379	7,750	7,393
Vermont	4,746	3,861	3,263	3,750	5,813	3,263	3,333	3,916
Virginia	16,091	11,662	4,656	7,729	12,612	4,475	6,369	7,207
Washington	25,038	4,842	3,443	8,034	29,774	3,358	6,974	7,844
West Virginia	15,857	7,550	4,305	10,028	10,760	4,305	9,972	10,760
Wisconsin	9,072	5,928	2,697	4,829	7,083	2,672	4,194	5,562
Wyoming	2,969	2,804	1,215	3,950	6,154	1,215	3,950	6,038

[1] For 1880, 1900, and 1920 computed from number of banks and offices at call dates nearest June 30 and population at census dates; for 1934 and 1958 from number of banks and offices at end of year and population estimates for July 1. Data for number of banks and offices from Table 19; for population, from various issues of *Statistical Abstract of the United States.*

[2] Included with North Dakota.

Table 21. Change in Number of Banks and Branches, Selected Periods, by State

State	Change in number of banks[1]			Change in number of branches[1]	
	1900 to 1920	1920 to 1934	1934 to 1958	1920 to 1934	1934 to 1958
Entire United States	17,895	−14,834	−2,068	1,912	6,261
Continental United States	17,856	−14,825	−2,066	1,897	6,109
Alabama	245	−134	18	−4	46
Arizona	66	−68	−11	−3	125
Arkansas	362	−246	−4	1	28
California	430	−445	−148	627	[illegible]
Colorado	285	−238	16	......	6
Connecticut	32	−38	−48	−4	192
Delaware	16	8	−20	−3	33
District of Columbia	25	−23	−9	26	30
Florida	225	−113	130	−2	13
Georgia	556	−437	68	2	40
Idaho	182	−159	−35	26	55
Illinois	979	−1,078	55	......	4
Indiana	568	−509	−85	36	209
Iowa	782	−1,259	7	[illegible]	67
Kansas	862	−608	−148	......	14
Kentucky	270	−143	−81	24	91
Louisiana	189	−118	37	−26	102
Maine	12	−57	−18	27	64
Maryland	119	−59	−52	38	144
Massachusetts	58	−122	−48	144	277
Michigan	330	−372	−86	−76	351
Minnesota	996	−829	1	6	......
Mississippi	219	−119	−19	11	89
Missouri	976	−949	−90	......	4
Montana	375	−311	−5	......	1
Nebraska	709	−778	−24	1	−1
Nevada	23	−23	−4	5	28
New Hampshire	10	−13	−4	......	3
New Jersey	212	24	−143	96	270
New Mexico	109	−81	11	−3	41
New York	218	−191	−373	452	693
North Carolina	460	−332	−43	25	341
North Dakota	746	−692	−52	2	25
Ohio	424	−438	−98	63	396
Oklahoma	804	−546	−27	......	15
Oregon	199	−171	−50	29	135
Pennsylvania	687	−349	−383	73	606
Rhode Island	−42	−15	−16	−4	66
South Carolina	324	−328	11	11	102
South Dakota	474	−467	−40	3	51
Tennessee	365	−214	−36	18	134
Texas	1,271	−734	24	......	23
Utah	94	−75	−9	10	58
Vermont	19	−12	−32	12	19
Virginia	337	−168	−16	50	164
Washington	287	−190	−111	21	229
West Virginia	213	−160	3	1	−1
Wisconsin	627	−349	−71	86	57
Wyoming	127	−100	−8	......	1

[1] Computed from number of banks in Table 19, for dates near June 30, 1900 and 1920, and at end of year, 1934 and 1958; changes in number of branches computed from data for the same dates. Branches include facilities established in or near military or other Federal Government installations at request of the Treasury or Commanding Officer of the installation.

Table 22. Percentage Change in Number of Banks and Banking Offices, Selected Periods, by State

State	Percentage change in number of banks[1] 1900 to 1920	1920 to 1934	1934 to 1958	Percentage change in number of banking offices[1] 1920 to 1934	1934 to 1958
Entire United States	136.9	−47.9	−12.8	−40.0	21.7
Continental United States	136.8	−48.0	−12.8	−40.2	21.0
Alabama	229.0	−37.2	8.1	−36.3	27.0
Arizona	314.3	−78.2	−57.9	−65.7	308.1
Arkansas	289.6	−50.5	−1.7	−49.7	9.7
California	149.8	−62.1	−54.4	20.3	47.5
Colorado	241.5	−59.1	9.7	−59.1	13.3
Connecticut	15.6	−16.0	−24.1	−16.7	68.9
Delaware	64.0	19.5	−40.8	8.8	21.0
District of Columbia	125.0	−51.1	−40.9	6.1	40.4
Florida	592.1	−43.0	86.7	−42.6	92.8
Georgia	249.3	−56.1	19.9	−54.1	31.7
Idaho	455.0	−71.6	−55.6	−59.9	22.5
Illinois	98.9	−54.7	6.2	−54.7	6.6
Indiana	116.2	−48.2	−15.5	−44.6	21.1
Iowa	68.6	−65.5	1.1	−60.5	9.7
Kansas	177.0	−45.1	−20.0	−45.1	−18.1
Kentucky	86.0	−24.5	−18.4	−20.3	2.1
Louisiana	242.3	−44.2	24[illegible]	−43.5	68.5
Maine	5.0	−35.2	−17.1	−15.5	28.0
Maryland	84.4	−22.7	−25.9	−6.6	30.9
Massachusetts	12.4	−32.2	−11.9	4.2	41.8
Michigan	63.3	−43.7	−18.0	−41.9	42.7
Minnesota	191.9	−54.7	.1	−54.3	.1
Mississippi	103.8	−35.8	−8.9	−30.3	28.2
Missouri	144.4	−57.4	−12.8	−57.4	−12.2
Montana	669.6	−72.2	−4.2	−72.2	−3.3
Nebraska	137.4	−63.5	−5.4	−63.3	−5.6
Nevada	230.0	−69.7	−40.0	−54.5	160.0
New Hampshire	8.6	−10.3	−3.5	−10.2	−.9
New Jersey	111.6	6.0	−33.6	28.4	23.4
New Mexico	778.6	−65.9	26.2	−65.6	118.2
New York	24.0	−17.0	−39.9	19.3	19.8
North Carolina	389.8	−57.4	−17.5	−49.2	94.0
North Dakota	487.6	−77.0	−25.1	−76.8	−12.9
Ohio	58.8	−38.2	−13.9	−30.0	34.0
Oklahoma	515.4	−56.9	−6.5	−56.9	−2.9
Oregon	255.1	−61.7	−47.2	−51.1	62.5
Pennsylvania	86.4	−23.5	−33.8	−18.2	18.0
Rhode Island	−46.7	−31.3	−48.5	−20.4	67.6
South Carolina	236.5	−71.1	8.3	−66.6	71.1
South Dakota	231.2	−68.8	−18.9	−68.3	5.1
Tennessee	199.5	−39.1	−10.8	−33.9	25.6
Texas	310.0	−43.7	2.5	−43.7	5.0
Utah	241.0	−56.4	−15.5	−48.9	72.1
Vermont	21.3	−11.1	−33.3		−12.0
Virginia	211.9	−33.9	−4.9	−22.9	37.2
Washington	268.2	−48.2	−54.4	−41.8	50.2
West Virginia	167.7	−47.1	1.7	−46.8	1.1
Wisconsin	179.7	−35.8	−11.3	−26.7	−1.9
Wyoming	384.8	−62.5	−13.3	−62.5	−11.7

[1] Computed from number of banks and offices in Table 19, for dates near June 30, 1900 and 1920, and at end of year, 1934 and 1958.

Table 23. Classification of States According to Status of Branch Banking and Locational Requirements for Branches, December 31, 1958[1]

Statewide branch banking prevalent[2]		Limited area branch banking prevalent		Unit banking prevalent throughout the State	
Without locational limitations[3]	With some locational conditions[4]	Countywide[5]	Other[6]	With limited branch banking[7]	Without branch banking[8]
Arizona	Connecticut	Indiana	Alabama	Arkansas	Colorado
California	Idaho	Kentucky	District of Columbia	Iowa	Florida
Delaware	Oregon	Louisiana	Georgia	Kansas	Illinois
Maryland	Utah	Massachusetts	Maine	North Dakota	Minnesota
Nevada	Washington	Michigan	Mississippi	Oklahoma	Missouri
North Carolina		New Jersey	New York	South Dakota	Montana
Rhode Island		New Mexico	Pennsylvania	Wisconsin	Nebraska
South Carolina		Ohio	Virginia		New Hampshire
Vermont		Tennessee			Texas
					West Virginia
					Wyoming

[1] Capital requirements, and those pertaining to approval by the supervisory authority, are not considered in this classification. Minor locational requirements in a few States, such as a requirement that any branch established shall be within the limits of a city or incorporated town, are also neglected. For the most part, the classification is also applicable to the major part of period since Dec. 31, 1920.

[2] Several of these States did not permit branches prior to 1933.

[3] Capital requirements according to location of branch are not included here as locational requirements.

[4] The locational conditions in these States are each different, but all follow the principle that a branch can be established in a place outside of the head office town or county which has an operating bank only by absorption of an existing bank.

[5] In Kentucky, Massachusetts, and New Jersey establishment of a branch outside of the parent bank's head office town or municipality is limited to specified conditions, such as through absorption or in a place with no bank or with one under liquidation. In Louisiana, Michigan, and New Mexico, a branch may be established in an adjoining county or within a certain distance from the parent bank, under specified similar conditions.

[6] Alabama: within the head office county in eleven counties and within the head office city in two other counties. District of Columbia: throughout the District (classified in this category because District-wide branch banking is more comparable to countywide or citywide branch banking than to state-wide branch banking). Georgia: within head office city in the two largest cities, and throughout the State if established prior to 1927. Maine: within head office county or contiguous county. Mississippi: limited function offices within head office county or contiguous county, but not in a place under 3,500 population with an existing office; other branches under more stringent restrictions. New York: within head office city or district (each district consisting of 3 to 15 counties), but in a city or village with an operating bank only through absorption of a bank. Pennsylvania: within head office county or contiguous county or by absorption of an existing bank. Virginia: within head office city or county.

[7] Limited function offices permitted within specified distance from head office or in a place with no operating bank within the head office county or contiguous county, to be closed (in most cases) upon establishment of a bank; and in Wisconsin, only if established prior to 1947. In South Dakota, other branches upon absorption of a bank, without locational restrictions.

[8] The few branches in these States were established prior to existing prohibitory legislation or under unusual circumstances.

[fol. 6574]

Table 24. Commercial Banks and Branches, 1920 and 1958, in States Grouped According to the Status of Branch Banking at the End of 1958, by Metropolitan and Other Areas

Status of branch banking and type of area	Number of banks		Number of branches		Change from 1920 to 1958	
	Dec. 31, 1920	June 30, 1958	Dec. 31, 1920	June 30, 1958 [1]	Banks	Branches
Continental United States—total	30,434	13,483	1,252	8,253	−16,951	7,001
Metropolitan area counties [2]	6,329	3,201	847	5,476	−3,128	4,629
Other counties	24,105	10,282	405	2,777	−13,823	2,372
States with statewide branch banking: [3]						
9 States without locational limitations:						
Metropolitan area counties	734	202	168	1,547	−532	1,379
Other counties	1,598	523	174	821	−1,075	647
5 States with some locational limitations:						
Metropolitan area counties	289	120	4	315	−169	311
Other counties	888	182	8	379	−706	371
States with limited area branch banking prevalent: [3]						
9 States with countywide branch banking prevalent:						
Metropolitan area counties	1,494	796	408	1,742	−698	1,334
Other counties	3,802	1,993	97	579	−1,809	482

7 States and D.C. with other limited area branch banking prevalent: [4]						
Metropolitan area counties	1,711	762	258	1,801	−949	1,543
Other counties	2,911	1,666	114	617	−1,245	503
States with unit banking prevalent throughout the State: [3]						
7 States with limited branch banking: [5]						
Metropolitan area counties	610	320	8	61	−290	53
Other area counties	6,723	2,441	8	377	−4,282	369
11 States without branch banking: [6]						
Metropolitan area counties	1,491	1,001	1	10	−490	9
Other area counties	8,183	3,477	4	4	−4,706	

[1] Excluding trust companies not regularly engaged in deposit banking and "facilities" at Federal Government establishments.

[2] Includes all metropolitan areas in continental United States as defined by the Bureau of the Budget, January 15, 1957, except that in States where metropolitan areas are defined in terms of cities and towns (Connecticut, Maine, Massachusetts, New Hampshire, and Rhode Island) counties with the majority of their population in the metropolitan portions are included in lieu of the specified cities and towns. Metropolitan area counties include the District of Columbia and 295 counties and independent cities out of 3,102 counties and independent cities in continental United States.

[3] For the States in each group see Table 23.

[4] For the branch banking areas see note 6 to Table 23.

[5] For the type of branches permitted see note 7 to Table 23.

[6] See note 8 to Table 23.

The growth of branch banking during the past quarter of a century should not be regarded as a sequel to the great decline in number of banks subsequent to 1920. The development of branch banking has occurred, for the most part, in different States and in different areas within States from those in which the decrease in number of banks was concentrated. Only 3 percent of the increase in number of branches from 1920 to 1958 was in the nine States which accounted for 50 percent of the great reduction in number of banks from 1920 to 1934. The increase in branches occurred chiefly in metropolitan areas; the decrease in banks in other areas. This is indicated in Table 24, which compares the number of commercial banks and branches in [fol. 6575] 1920 and 1958 in metropolitan and other counties in States grouped according to the status of branch banking as shown in the preceding table. Of the total reduction of nearly 17,000 in number of commercial banks between the end of 1920 and the middle of 1958, nearly 14,000 were in counties not classified as metropolitan in 1958. In these counties the increase in numberof branches during the same period was less than 2,400. In contrast, the metropolitan counties, with a decrease of about 3,100 in the number of banks from the end of 1920 to midyear 1958, showed an increase during the same period of about 4,600 in the number of branches.

Between 1920 and 1958, the total number of commercial banking offices in non-metropolitan counties declined by nearly 11,500; those in metropolitan areas increased by 1,500. In 1920, 79 percent of all commercial banks and 77 percent of all commercial banking offices were in the non-metropolitan counties; in 1958, 76 percent of all commercial banks but only 60 percent of all commercial banking offices were in the non-metropolitan counties. That is, in 1920, 21 percent of the commercial banks and 23 percent of commercial banking offices were in counties that in 1958 were classified as metropolitan; while in the latter year, 24 percent of the commercial banks and 40 percent of their offices were in the metropolitan areas.

Accessibility of Banking Offices

Location of banking offices by size of center. The number of localities in which there is only a single banking office is

sometimes cited as evidence of lack of competition. In using such figures careful attention must be given to the ability of such places to support more than one banking office. Table 25 gives a distribution of banking offices on June 30, 1958, according to the number of offices in the centers in which they were located and the population of those centers. This table differs from previous tabulations of this sort by treating each metropolitan area, rather than each city or town in such metropolitan areas, as a single center. In earlier tabulations, including those published in the annual reports of the Federal Deposit Insurance Corporation, numerous banking offices located in metropolitan areas, but not within the limits of the principal city therein, were classified as located in a place with only one or two banking offices, although in fact the patrons of such offices had convenient access to other offices within the metropolitan area. Those tabulations therefore gave an erroneous impression of the number of places served by only one or two banking offices.

It will be noted from this table that on June 30, 1958, 7,703 of the 21,736 commercial banking offices in the continental United States, excluding "facilities" at Federal Government establishments, were located in population centers with only one banking office. Put another way, [fol. 6576] there were 7,703 population centers with only one banking office each. However, almost all of these centers had a population of less than 5,000 and three-fifths of such centers had a population of less than 1,000; some of them had less than 250 people. Thus although it is statistically correct to say that in each of these centers there was only one office available to provide banking services, this fact must be tempered by the realization that in most communities of this size it is probably impracticable, because unprofitable, for more than one banking office to operate successfully. Nevertheless, the figures do suggest that some population centers may be "underbanked" in the sense that an increase in banking facilities could be supported and would be advantageous to the communities. However, no final conclusion can be drawn with respect to the need for additional facilities in any particular case without going beyond the data available in this table to consider such questions as the existing availability of banking facilities in nearby communities.

Table 25. Number of Operating Offices of Commercial Banks in the Continental United States, June 30, 1958 Grouped by Number of Commercial Banking Offices and Population of Center in Which Located

Population of center or metropolitan area	All offices[1]	Offices in centers or metropolitan areas with— 1 office	2 offices	3 offices	4 offices	5 offices	6 offices	7 or 8 offices	9 to 19 offices	20 or more offices
All banking offices[1]	21,736	7,703	3,412	921	472	220	204	217	872	7,715
In centers or metropolitan areas with population of—										
Less than 250	644	642	2	...	...	...	...	...	...	...
250 to 1,000	4,116	3,950	160	6	...	...	...	...	...	...
1,000 to 5,000	4,843	2,919	1,788	120	16	...	...	...	...	...
5,000 to 25,000	2,848	192	1,422	675	308	135	66	50	...	...
25,000 to 100,000	860	.....	40	120	148	80	132	132	208	.....
100,000 to 500,000	3,024	.....	.....	...	...	5	6	35	664	2,314
500,000 to 2,500,000	2,723	.....	.....	...	...	...	...	...	...	2,723
2,500,000 or more	2,678	.....	.....	...	...	...	...	...	...	2,678

[1] Excludes trust companies not regularly engaged in deposit banking and "facilities" at military or other Federal Government establishments.

Counties without banking facilities. The importance of considering the availability of banking facilities in nearby communities, when examining the need for such facilities in a place with only one banking office or none, may be illustrated by some of the counties in the nation with no banking office. In June 1958, there were 62 such counties, ranging in population in 1950 from 241 to over 17,000. The five with the largest populatons in 1950 were as follows:

Alleghany County, Virginia, with a population of 17,000, is served by banks in an independent city (Covington) almost in its center, and another (Clifton Forge) at its border.[1]

[fol. 6577] Sandoval County, New Mexico, with a population of 12,000, is situated north of Albuquerque and west of Santa Fe, both of which are in adjoining counties near the borders of Sandoval County, with the most populous portion of Sandoval in its south-eastern corner directly between those two cities.

Spotsylvania County, Virginia, with a population of 12,000, has the independent city of Fredericksburg on its northeastern border.[1]

Torrance County, New Mexico, with a population of 8,000, has its populous portion in its western side, which adjoins Bernalillo County in which Alburquerque is located.

Oconee County, Georgia, with a population of 7,000, is a small county not far from Athens, located in an adjoining county.

In all these cases, it is apparent that the size of population of the county cannot be used as a criterion for concluding that banking services are inadequate, though the availability of banking services in nearby cities also cannot be taken as conclusive evidence that banking services are reasonably available and adequate.

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[1] In Virginia, counties and independent cities are mutually exclusive areas, and county tabulations therefore exclude data for cities which are adjacent to or surrounded by a county.

Relative Position of Banks

The concern which has been expressed over the decline in number of banks has been accompanied by anxiety about concentration of banking services, for the nation as a whole or in various sections or localities, in the hands of a relatively small number of banks. To understand what changes have occurred, it is necessary to distinguish between various aspects of concentration and to make use of tabulations not hitherto available.

Increasing size of banks. The generally larger size of banks in recent years as compared with that of a quarter of a century ago, and the accompanying greater numbers and percentages of the banks in the upper categories and the reduced numbers and percentages in the smaller categories of standardized size groups, have been cited as an indication of increasing concentration in banking.[2] Such data, however, may reflect normal growth or wartime expansion without indicating any change in concentration. In a growing economy banks furnish the largest part of the money supply and therefore should be expected to grow in size, and in wartime the government may pursue financial policies resulting in an abnormal rate of expansion of bank assets and deposits. The growth in average size of banks in the United States has been due primarily to these factors. For example, the average commercial bank increased in size from \$2.6 million deposits in 1934 to \$16.0 million in deposits at the end of 1958. If there had been no change in number of banks during this period the average size of a commercial bank would have increased to \$13.9 million, [fol. 6578] or more than five times as large as in 1934. The growth in average size of banks has therefore been dependent to only a minor extent upon the decrease in number of banks. As an indicator, therefore, banks with, say, \$100 million of deposits in 1934 should be compared with banks of more than \$500 million of deposits in 1958.

It is possible, of course, for concentration to increase even though the average size of banks merely keeps pace with the expansion of the banking system as a whole. That

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[2] *Bank Mergers and Concentration of Banking Facilities*, Staff report to House Committee on the Judiciary, *op. cit.*, pp. 25-26.

is, banks toward the lower end of the size scale may be smaller relative to the average, and those toward the upper end of the size scale larger relative to the average, than at some former time.

The hundred and the ten largest banks. A measure of change in the relative position of banks frequently used is the change in the proportion of total commercial bank deposits held by a selected number, such as 100 or 10, of the largest commercial banks. This avoids the use of banks in standardized size groups. Use of this measure indicates that concentration increased during the 1920's and 1930's, decreased during the 1940's, and was approximately unchanged during the 1950's. This is shown by Table 26 which gives for selected years from 1920 to 1958 the percentage of deposits of all commercial banks in continental United States held by the largest 100 and the largest 10 banks.[1] At the end of 1958, by number, the 100 largest banks comprised 0.74 percent, and the 10 largest 0.074 percent of all commercial banks in continental United States. The 100 largest held 46 percent and the 10 largest 20 percent of the deposits of all commercial banks. These ratios are slightly higher than in 1949, but substantially below those in 1934 and 1940.

Data for a given number of the largest banks do not give as accurate a measure of concentration as those for a selected percentage of the banks. The lower part of Table 26, therefore, gives the proportion of deposits of all commercial banks held by the largest one-half of 1 percent, and by the largest one-tenth of 1 percent, of such banks. These figures substantiate the conclusion that there was less concentration of the banking business in the largest banks in 1958 than in 1929 or 1940.

Group banking. The degree of concentrated control of banking in the United States is somewhat greater than the figures in the preceding table indicate. This is because of

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[1] It is also supported by annual tabulations based on deposits of large banks as published in *The American Banker*, though such tabulations, because of the inclusion of deposits of foreign branches, exaggerate by about one percentage point the proportion of deposits of all commercial banks held by the largest banks.

the development, over a period of sev ral decades, of group and chain banking. Group banking refers to control through stock ownership by a corporation, trust, or similar organization; chain banking to ownership of stock in a number of banks by one individual, or one family, or by a small [fol. 6579] group of persons.[2] Data for banking chains are not available for recent years, and those for earlier years are not as satisfactory as for groups.

[2] Federal Reserve Committee on Branch, Group and Chain Banking, *Banking Groups and Chains* (mimeographed, 1932); and *Federal Reserve Bulletin*, February 1938, p. 92.

Table 26. Relative Importance of the Largest Commercial Banks in Continental United States, December 31, Selected Years, 1920–1958

Bank group	1920	1929	1934	1940	1949	1958
All commercial banks						
Number	30,444	24,287	15,518	14,477	14,156	13,499
Deposits (millions)	$35,947	$51,282	$40,060	$65,431	$145,174	$215,995
Largest 100 banks						
Percent of number of all commercial banks	0.33%	0.41%	0.64%	0.69%	0.71%	0.74%
Deposits (millions)	(1)	$21,506	$21,462	$37,081	$64,611	$98,731
Percent of deposits of all commercial banks	(1)	41.9%	53.6%	56.7%	44.5%	45.7%
Largest 10 banks						
Deposits (millions)	$3,481	$8,400	$9,169	$17,244	$27,505	$42,939
Percent of deposits of all commercial banks	9.7%	16.4%	22.9%	26.4%	18.9%	19.9%
Largest bank						
Deposits (millions)	$699	$1,314	$1,629	$3,466	$5,656	$9,928
Percent of deposits of all commercial banks	1.9%	2.6%	4.1%	5.3%	3.9%	4.6%
Largest ½ of 1 percent of the banks						
Number of banks	152	121	78	72	71	67
Deposits (millions)	(1)	$22,555	$20,135	$34,159	$58,519	$87,333
Percent of deposits of all commercial banks	(1)	44.0%	50.3%	52.2%	40.3%	40.4%
Largest 1/10 of 1 percent of the banks						
Number of banks	30	24	16	14	14	13
Deposits (millions)	(1)	$13,315	$11,897	$20,360	$32,607	$48,305
Percent of deposits of all commercial banks	(1)	26.0%	29.7%	31.1%	22.5%	22.4%

[1] Not available.

Table 27. Relative Importance of the Largest Commercial Banks or Bank Groups, Continental United States, December 31, 1934, 1940 and 1958

Bank group	1934	1940	1958
All commercial banks or bank groups			
Number	15,006	14,099	13,097
Deposits (millions)	$40,060	$65,431	$215,995
Largest 100 banks or bank groups			
Percent of all commercial banks or bank groups	0.67%	0.71%	0.76%
Deposits (millions)	$22,718	$38,843	$105,961
Percent of deposits of all commercial banks	56.7%	59.4%	49.1%
Largest 10 banks or bank groups			
Deposits (million)	$9,501	$17,577	$44,708
Percent of deposits of all commercial banks	23.7%	26.9%	20.7%
Largest ½ of 1 percent of the banks or bank groups			
Number of banks or groups	75	70	65
Deposits (millions)	$21,253	$35,800	$93,509
Percent of deposits of all commercial banks	53.1%	54.7%	43.3%
Largest 1/10 of 1 percent of the banks or bank groups			
Number of banks or groups	15	14	13
Deposits (millions)	$11,959	$20,996	$51,159
Percent of deposits of all commercial banks	29.9%	32.1%	23.7%

[fol. 6580] Table 27 shows for 1934, 1940, and 1958 measures of bank concentration similar to those in the preceding table, except that the deposits of banks that were members of a group have been tabulated as though they were branches of the leading bank in the group.[1] Tabulation of the data in this way shows that at the end of 1958 one-half of 1 per cent of the banks or groups held 43 percent of the deposits of all commercial banks, compared with 40 percent held by the same percentage of the banks. Similarly, one-tenth of 1 percent of the banks and groups held 24 percent of the deposits of all commercial banks, compared with 22 percent held by the same percentage of the banks. The data available for chains indicate that these percentages would be increased very little by treating chains also as though they were branch systems.[2] The data for banks and groups, like those for banks, show considerably less concentration in 1958 than in 1934 or 1940.

Relative position of banks by States. It is well known that banking concentration in the United States is far below that in other countries, such as Canada, Great Britain, and Germany, were nationwide branch banking is permitted. In the United States; similarly, there is a tendency for the greatest concentration to occur in the States with statewide branch banking. This is illustrated by Table 28, which shows for four dates the percentages of deposits in the largest bank and the largest five banks in each State, with the States grouped in three categories: those in which statewide branch banking is prevalent; those in which limited area branch banking is prevalent, and those in which unit banking is prevalent throughout the State.

In the statewide branch banking States the largest five banks in 1958 held from 35 percent to 99 percent of the total

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[1] Tabulations by the Federal Deposit Insurance Corporation, with banks members of groups identified from Federal Reserve records and other sources.

[2] In 1939 and 1941 the deposits of chains for which information was available were 12 and 11 percent, respectively, of the deposits of groups, though the number of chains was more than twice the number of groups. *Banking and Monetary Statistics* (Board of Governors of the Federal Reserve System, 1943), pp. 317-323.

deposits of all commercial banks in the State. In States with limited area branch banking the corresponding range was from 25 percent to 52 percent and in the States with unit banking predominant from 18 percent to 44 percent. In the majority of the States with statewide branch banking the largest bank alone held more than 30 percent of the total deposits of all commercial banks in the State. In the States with limited area branch banking or unit banking no bank held so large a proportion.

In all of the States except Florida, Louisiana, and New Hampshire, there was a greater concentration of deposits in the largest bank, and in the largest five banks, in 1958 than in 1920. However, most of this increase occurred between 1920 and 1934, and almost all of it between 1920 and 1940. From 1940 to 1958 the percentage of all com-[fol. 6581] mercial bank deposits in the largest bank declined in 31 States, remained the same in 1 State, and increased in 16 States. During the same period the percentage of all commercial bank deposits in the largest five banks declined in 30 States, and increased in 18 States. Of the States with an increased concentration, whether measured by the largest bank or the largest five banks, the majority were in the group with statewide branch banking prevalent.

Figures are also given in Table 28 to show for 1934, 1940, and 1958 bank concentration in each State if the members of any bank group in a State are tabulated as a bank and branches in that State.[1] These data differ in one important respect from the tabulations by banks without regard to group banking: they show much more concentration in some of the States in which unit banking is predominant throughout the State. However, they show the same results with respect to changes over time, namely, that in most of the States the largest bank or bank group, and the largest five banks or bank groups, held in 1958 smaller proportions than in 1940 of the deposits of all commercial banks in the State.

Relative position of banks in leading cities or metropolitan areas. Another frequently used method of indicating

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[1] Data are not available for making this kind of tabulation for 1920.

bank concentration pertains to the proportion of all bank assets or deposits in a given city held by the largest bank, or by a few of the largest banks. A tabulation of this kind was presented in a statement before the Senate Banking and Currency Committee considering bank merger legislation.[2] Such a tabulation spotlights those cities in which the degree of bank concentration may seem excessive. However, such figures may be misleading because they do not take into account banking facilities in the full metropolitan areas of the respective cities.

In many cities, as in the majority of the States, there has been a decrease in banking concentration in recent years, even if no allowance is made for the inclusion of metropolitan areas. Of the 53 cities included in the tabulation as of June 30, 1956, presented to the Senate Banking and Currency Committee, two-fifths had less bank concentration than on June 30, 1936, whether the concentration is measured by the proportion of assets held by the largest bank or by the largest five banks in the city. If only the proportion of assets held by the largest bank is considered, in over three-fifths of the cities the largest bank owned a smaller percentage of the assets in 1956 than in 1936. These findings have no bearing, of course, on the question of whether there was an excessive degree of concentration on either date in many cities; the point is simply that measurements of this type for a single recent date may lead to the inference that concentration in major cities is increasing, whereas the facts do not warrant such a conclusion.

Regulation of Bank Mergers, Hearings before the Committee on Banking and Currency, United States Senate, 86th Congress, 1st session, on S. 1062, p. 88.

[fol. 6582]

Table 28. Deposits in the Largest Commercial Bank, and in the Largest Five Commercial Banks, in Each State, 1920, 1934, 1940 and 1958

State	Percentage of all deposits in the largest bank or bank group[1]				Percentage of all deposits in the largest five banks or bank group[1]			
	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1940	Dec. 31, 1958	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1940	Dec. 31, 1958
14 States with statewide branch banking prevalent								
Nevada	12.5	52.9	77.1 (80.8)	65.9 (75.4)	49.4	83.7	91.3 (94.8)	98.5 (100.0)
Rhode Island	30.7	38.9 (41.6)	35.7 (38.0)	53.9	71.9	81.5 (84.1)	79.6 (81.9)	96.2
Arizona	6.4	25.8	46.1	47.5	26.7	68.2	85.3 (89.2)	98.8 (99.4)
California	6.9	29.9 (30.6)	34.3 (35.5)	43.6	23.4	63.1 (63.9)	65.2 (66.4)	75.9 (80.2)
Oregon	11.9	40.6	45.6	43.4	42.0	73.2	87.3 (87.7)	89.1
Delaware	23.6	35.2	52.0	38.0	63.4	73.3	81.3	86.1
Idaho	4.9	29.7	27.5	36.8	18.7	57.4 (60.2)	68.0	85.9
Washington	5.5	24.9	35.2	33.3	22.4	53.8 (55.6)	69.1	72.3 (73.1)
Utah	8.3	19.1 (26.1)	19.2 (25.6)	31.9 (32.9)	32.6	65.4 (79.3)	61.6 (77.8)	77.6 (78.6)
South Carolina	5.0	14.2	25.2	25.3	12.6	46.0	51.3	51.1
North Carolina	5.8	19.2	20.5	20.6	13.9	43.9	48.4	47.1
Connecticut	4.6	11.8	12.6	18.0	21.7	35.6 (37.3)	38.7	53.5
Maryland	4.9	30.7	29.5	12.7	20.3	52.5	55.3	48.4
Vermont	4.7	5.8	6.2	10.2	18.8	21.9	22.6	35.4
16 States with limited area branch banking prevalent								
Massachusetts	11.2	32.3 (37.4)	33.6 (38.6)	28.7	35.5	55.6 (61.4)	57.7 (63.5)	50.4 (60.8)
Michigan	8.5	30.2	30.6	21.6	26.2	55.1	57.7	51.0
Alabama	13.5	20.1 (21.1)	21.4	18.2	34.4	51.0 (51.9)	54.5	40.8
Georgia	10.2	26.7	24.1	17.3 (21.1)	26.4	60.7 (67.3)	61.7 (67.6)	48.1 (56.7)
New Mexico	10.6	14.4	17.4	17.1	27.3	55.8	54.3	46.3 (55.5)
New York	8.6	13.4	16.0	16.3	28.5	46.0	51.7	52.1
Louisiana	16.3	30.2	26.1	15.2	47.1	63.2	59.1	39.6
Pennsylvania	3.1	9.0 (17.7)	11.4 (18.5)	13.4	12.4	30.0 (39.0)	32.9 (42.0)	37.3
Maine	6.3	7.4	8.4	12.9	23.1	29.2 (30.4)	29.3 (29.9)	40.5

Table 28. Deposits in the Largest Commercial Bank, and in the Largest Five Commercial Banks, in Each State, 1920, 1934, 1940 and 1958 —continued

State	Percentage of all deposits in the largest bank or bank group[1]				Percentage of all deposits in the largest five banks or bank group[1]			
	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1940	Dec. 31, 1958	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1940	Dec. 31, 1958
Ohio	12.0	16.0	15.8	12.7	25.5	38.1 (39.2)	38.3 (38.9)	32.9 (35.1)
Mississippi	3.2	4.5	6.9	11.8	13.8	19.7	22.2	28.3
Kentucky	9.8	13.3	14.7	11.7	21.9	32.9 (35.8)	36.6 (39.6)	32.2 (32.8)
Tennessee	6.0	11.0 (15.9)	13.8 (14.5)	11.2	24.7	46.3 (56.1)	48.7 (55.4)	40.3
Indiana	3.6	12.6	14.2	10.3	11.8	27.3	29.5	27.4
Virginia	6.3	11.9	12.1	7.5	20.0	34.4	35.2	27.5
New Jersey	4.9	8.7	8.8	6.8	16.3	21.6 (21.8)	21.9	24.6

[fol. 6583]

18 States with unit banking prevalent

State	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1940	Dec. 31, 1958	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1940	Dec. 31, 1958
Nebraska	4.5	13.2 (15.9)	14.4	16.5	15.2	40.5 (47.6)	41.7 (45.6)	36.6 (39.9)
Wisconsin	10.7	24.9 (34.5)	24.8 (31.4)	16.3 (20.2)	20.6	38.5 (46.9)	38.7 (44.0)	29.3 (32.9)
Illinois	10.5	27.5	28.0	16.1	25.9	70.1	66.5	42.2
Colorado	9.8	19.0	18.2	15.7	33.4	57.7	54.7	44.1
North Dakota	5.9	28.0	21.5	15.3	11.7	44.0 (67.2)	37.5 (58.5)	27.8 (56.8)
Oklahoma	5.7	12.9	13.7	13.5	15.4	42.1	44.5	43.5
Minnesota	6.6	17.1 (38.4)	15.5 (35.9)	12.1 (29.7)	30.0	53.9 (70.4)	51.4 (67.8)	35.8 (63.8)
Wyoming	8.1	9.6	12.3	11.9 (16.8)	25.0	38.1	40.6	41.2 (46.0)
Missouri	9.4	16.5	16.9	9.9	25.4	55.3 (56.1)	53.4	36.6 (37.3)
South Dakota	2.1	6.0 (29.4)	10.5 (28.6)	8.8 (24.1)	6.9	21.6 (49.5)	36.1 (48.7)	30.3 (42.3)
Kansas	1.5	6.5	7.3	7.8 (8.4)	5.8	21.6	22.2	18.8 (19.4)
Texas	2.7	8.6	7.7	7.7	11.0	25.4 (26.8)	23.3 (24.6)	27.7
Arkansas	4.1	8.1	10.7	7.0	14.0	31.8	36.7	24.1
Florida	9.7	14.9 (18.9)	14.0 (17.9)	6.8 (13.4)	28.0	46.7 (59.4)	42.6 (58.3)	21.0 (34.1)
West Virginia	3.2	8.5	7.7	6.5	12.7	31.0	30.0	24.3
New Hampshire	7.5	6.9 (7.6)	5.9 (8.5)	6.1 (10.8)	23.9	29.2 (31.4)	26.2 (29.3)	25.3 (31.4)
Montana	4.1	9.2 (38.0)	8.6 (37.0)	5.6 (30.6)	15.4	38.3 (69.3)	36.4 (63.9)	24.5 (57.3)
Iowa	1.6	7.8 (10.7)	6.3 (8.7)	4.6 (6.7)	6.0	23.6 (26.6)	22.6 (25.0)	17.6 (19.6)

[1] Figures in parentheses indicate percentages if banks in a group are tabulated as a bank and branches in the State.

[fol. 6584]

Table 29. Deposits in the Largest Commercial Bank, and in the Largest Five Commercial Banks, in the Principal County (or Counties) in 48 Metropolitan Areas, 1920, 1934, and 1958[1]

Metropolitan area	Percentage of all deposits in the largest bank or bank group[2]			Percentage of all deposits in the largest five banks or bank group[2]		
	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1958	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1958
31 metropolitan areas in States with limited area branch banking prevalent.						
Birmingham: Jefferson County, Alabama	43.8	64.0 (66.9)	62.1	89.9	96.7 (99.2)	98.8
Norfolk-Portsmouth: Norfolk County and Norfolk and Portsmouth Cities, Virginia	22.1	48.8	56.3	61.7	92.3	97.2
Toledo: Lucas County, Ohio	19.9	71.3	54.9	64.9	97.3	93.6
Dayton: Montgomery County, Ohio	33.1	54.4	54.6	69.1	94.3	93.5
Pittsburgh: Allegheny County, Pennsylvania	11.9	24.3 (62.6)	53.1	39.6	70.5 (84.6)	85.8
Boston: Suffolk County, Massachusetts	18.1	50.3 (50.4)	52.2	57.5	86.3 (86.4)	91.6
Knoxville: Knox County, Tennessee	24.9	64.1	50.4	82.6	99.4	100.0
Columbus: Franklin County, Ohio	13.2	40.1 (41.8)	49.6 (52.1)	56.7	95.0 (96.6)	92.8 (95.3)
Buffalo: Erie and Niagara Counties, New York	31.4	41.6 (52.2)	48.8	64.7	86.6 (91.3)	95.2
Akron: Summit County, Ohio	25.1	32.1	46.4	68.2	96.1	96.8
Rochester: Monroe County, New York	22.6	27.3	46.0	73.2	86.8	99.6
Memphis: Shelby County, Tennessee	25.5	40.4	45.5	65.9	99.3	97.2 (97.4)
Atlanta: DeKalb and Fulton Counties, Georgia	26.2	65.5	44.6	86.7	98.9	89.7 (92.5)
Cleveland: Cuyahoga County, Ohio	39.5	52.0	44.4	80.2	98.2	97.3
Indianapolis: Marion County, Indiana	20.7	39.6	41.7	65.8	86.0	99.5
New Orleans: Orleans County, Louisiana	30.9	52.9	41.6	89.2	100.0	99.7
Detroit: Wayne County, Michigan	19.3	53.8	41.2	59.4	95.5	89.4
Nashville: Davidson County, Tennessee	35.3	48.8 (49.0)	39.8	84.5	99.3 (99.7)	98.9
Syracuse: Onondaga County, New York	37.8	46.0 (48.9)	33.6	90.7	92.4	97.6
Albany-Schenectady-Troy: Albany, Rensselaer and Schenectady Counties, New York	20.7	29.4	33.3	61.4	76.6	81.2
Cincinnati: Hamilton County, Ohio	18.2	26.0	33.0	56.8	80.0	94.9
Louisville: Jefferson County, Kentucky	35.9	35.2	32.5	79.9	85.9 (89.5)	89.7 (91.4)

Metropolitan area	Percentage of all deposits in the largest bank or bank group[2]			Percentage of all deposits in the largest five banks or bank group[2]		
	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1958	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1958
Washington: District of Columbia	13.7	29.4	32.4	45.8	68.1	85.0
Richmond: Richmond City and Henrico County, Virginia	24.5	39.5	31.3 (35.3)	75.4	91.6	94.9
Springfield-Holyoke: Hampden County, Massachusetts	15.4	29.0 (29.1)	29.0	61.7	80.6	85.7
Youngstown: Mahoning and Trumball Counties, Ohio	23.6	26.2	25.5	65.1	80.4	84.4
Philadelphia: Philadelphia County, Pennsylvania	10.3	26.7	25.1	31.6	65.4	85.1
New York City: Bronx, Kings, New York, Queens, and Richmond Counties, New York	10.6	15.9	20.5	34.9	54.8	65.8
Wilkesbarre-Hazleton: Luzerne County, Pennsylvania	9.8	15.4	20.4	31.2	43.6	55.1
Allentown-Bethlehem-Easton: Lehigh and Northampton Counties, Pennsylvania	6.8	10.3	16.9	30.5	41.3	49.9
Northeastern New Jersey: Essex, Hudson, and Passaic Counties, New Jersey	8.9	15.3	16.0	29.7	37.9 (38.3)	58.1

[fol. 6585]

Metropolitan area	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1958	Dec. 31, 1920	Dec. 31, 1934	Dec. 31, 1958
17 metropolitan areas in States with unit banking prevalent						
Omaha: Douglas County, Nebraska	21.0	34.1	47.4	71.6	95.5 (98.4)	91.2 (94.5)
Oklahoma City: Oklahoma County, Oklahoma	26.1	51.3	44.5	68.6	95.6	83.3
Milwaukee: Milwaukee County, Wisconsin	38.3	64.8 (67.7)	43.3 (43.5)	73.5	92.9 (94.9)	74.8 (77.0)
Wheeling-Steubenville: Ohio County, West Virginia	23.9	44.3	41.0	64.0	88.0	91.0
Fort Worth: Tarrant County, Texas	23.6	46.0	36.9	77.4	98.4	83.8 (87.3)
Dallas: Dallas County, Texas	27.1	45.7	34.8	84.3	96.5 (99.0)	87.8
Charleston: Kanawha County, West Virginia	27.2	43.2	32.9	76.2	97.7	88.3
Jacksonville: Duval County, Florida	40.7	46.0	31.9 (34.9)	93.0	100.0	89.5 (95.4)
Houston: Harris County, Texas	24.1	21.7	30.8	83.0	79.7	75.6
Kansas City: Clay and Jackson Counties, Missouri	13.8	35.5 (39.1)	29.7	53.7	82.8 (85.4)	71.5 (73.9)
Denver: Denver County, Colorado	20.5	31.6	28.8	70.0	93.3	80.9
San Antonio: Bexar County, Texas	15.5	39.1	28.5	63.2	94.8	78.7
Miami: Dade County, Florida	32.0	59.8 (65.1)	27.5	90.7	94.1 (99.3)	53.3 (55.1)

Minneapolis-St. Paul: Hennepin and Ramsey Counties, Minnesota	18.7	29.6 (59.1)	24.2 (45.3)	60.0	90.8 (97.7)	71.3 (92.2)
Chicago: Cook County, Illinois	16.2	34.3	22.5	39.9	87.3	59.1
St. Louis: St. Louis City and St. Louis County, Missouri	23.7	34.0	22.1	59.2	80.1	60.7 (63.6)
Tampa-St. Petersburg: Hillsborough and Pinellas Counties, Florida	20.8	33.4	15.6	66.0	86.9	57.8

[1] Principal counties in 47 of the 57 most populous metropolitan areas in continental United States, as defined by the Bureau of the Budget, January 15, 1957. The metropolitan areas to which the table pertains are those with a population in 1950 of over 300,000, excluding 10 which are in States with statewide branch banking prevalent. For this table the New York-Northeastern New Jersey metropolitan area is divided between the New York and the New Jersey portions, so that 48 areas are listed. In these areas, as defined by the Bureau of the Budget, there are 139 counties and independent cities and the District of Columbia. Of these, 66 counties and independent cities and the District of Columbia are included in this tabluation as principal counties. For treatment of counties in New England States (where metropolitan areas are defined in terms of cities and towns) see no[illegible] Table 24.

[2] Figures in parentheses indicate percentages if banks in a group a[illegible]ulated as a bank and branches in the area.

[fol. 6586] A more comprehensive tabulation relating to banking concentration by cities is given in Table 29, which shows for 48 metropolitan areas the percentage of all commercial bank deposits in the principal counties of the area that were held by the largest bank, and by the largest five banks, in 1920, 1934, and 1958.[1] The 48 metropolitan areas are in States in which limited area branch banking, or unit banking throughout the State, is prevalent. Similar tabulations from available data for ten metropolitan areas in the States in which statewide branch banking is prevalent are not presented because they would be meaningless.[2]

At the end of 1958 the percentage of the deposits of the banks in the principal metropolitan area counties held by the largest bank ranged from 16 percent to 62 percent in the 48 metropolitan areas; the corresponding range in 1934 was from 10 percent to 71 percent, and in 1920 from 7 percent to 44 percent. The percentage of deposits held by the largest five banks in the respective areas ranged from 50 percent to 100 percent in 1958, from 38 percent to 100 percent in 1934, and from 30 percent to 93 percent in 1920. These ranges indicate a tendency for an increasing concentration from 1920 to 1934 and suggest that there may have been a similar tendency from 1934 to 1958. But when the data for the individual metropolitan areas are examined, it is clear that there was considerable difference between the two periods. In all but two of the 48 areas the largest bank held a larger proportion of the deposits of all the

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[1] Tabulations for 1940, included in the preceding table by States, are not given because tabulations pertaining to all banks by county are not available. The State data suggest that the bank concentration in metropolitan areas was higher in 1940 than in 1934.

[2] This is because they would pertain to the deposits in branches throughout the State, with the banks grouped according to the head office county. Tabulations of commercial bank deposits in offices located in each county are available for some recent years, but the data for individual banks from which the county tabulations are derived are not available at the Federal Deposit Insurance Corporation, and comparable data were not reported for any pre-World War II date.

banks in 1934 than in 1920, and in all but one the proportion held by the largest five banks also increased. But in 29 of the areas, the largest bank in 1958 held a smaller proportion than in 1934 of the deposits of all the banks; and in 25 of the areas, the largest five banks in 1958 held a smaller proportion than in 1934 of the deposits of all the banks. Evidently, in the majority of these metropolitan areas, any increased concentration since 1934 consequent upon bank mergers has been more than offset by expansion of the smaller banks of the area.

In 19 of the 48 metropolitan areas tabulation of the banks in a group as though they were a bank and branches yields higher figures for percentages of the deposits of the area held by the largest bank or bank group, or by the largest five banks or bank groups, or both, for 1934 or 1958, or both of these years, than for the largest bank or the largest five banks. However, as in the case of the data by States, these do not affect the conclusion that in a majority of the metropolitan areas the degree of concentration of deposits in one or in five banks or bank groups was less in 1958 than in 1934.

[fol. 6587] Some Observations on Bank Competition

A general analysis of changes in bank competition during the last several decades is beyond the scope of this report on changes in number of banking offices and the relative position of banks. Nevertheless, the two subjects are related, since data on changes in the number and distribution of banks and branches are essential, though not sufficient, for an appraisal of changes in competition among banks. It has been asserted in recent years that there has been a marked decrease in bank competition as a direct result of the decline in number of banks since 1920. Information collected for this report does not support such an assumption.

The decline in number of banks during the 1920's and early 1930's is largely attributable to the elimination of uneconomic units which could not survive economic changes and excessive competition of too many banks. The significant question is whether there has been a decline in competition over and above that attributable to the elimination of uneconomic units in that period.

The three measures of concentration used above—pro-

portion of deposits held by a specific number or percentage of banks in the nation, the proportion of deposits in each State held by the largest bank and the largest five banks in the State, and the proportion of deposits in the leading counties in each of 48 metropolitan areas held by the largest bank and the largest five banks in the area—all point toward the conclusion that there has been no general increase in bank concentration during the past twenty or twenty-five years. If increasing concentration is taken as evidence of declining competition, the data suggest that the banking system of the nation in the late 1950's, though less competitive than in 1920, was more competitive than in the middle 1930's or early 1940's.

However, it should be kept in mind that there is no fixed relationship between changes in concentration and changes in competition. Other developments in the economy also have an impact on the degree of competition. To what extent, for example, has the quite remarkable change in transportation and communication facilities since 1921 altered the competitive picture? Is the banking situation in a town which had three banks in 1921 less competitive today with only one bank, but with two banks within easy driving distance? Banks in neighboring towns, in neighboring counties, and in neighboring States often compete with the local bank in today's market, at least for certain types of business, but there is no way of measuring the extent of this competition, nor is it possible to compare the degree of such competition with that which may have existed in 1921.

[fol. 6588] Quite apart from the possibility of competition from banks located near a particular community, a reduction in number of banks within a community will not, by itself, justify a conclusion that competition has been diminished. For example, when the number of banks is reduced from five to three, is competition increased or decreased thereby if the result is three strong banks rather than five weak banks? Or if a community had two banks in 1921 and now has in their places two branches, each of a different bank, is competition for the banking business in the community likely to be any less between the two branches than it was between the two banks? Still another element in the competitive picture is the continuing growth of metropolitan areas. Many local communities which have

undergone a reduction in the number of banks during the past forty years have, during the same period, become a part of a metropolitan area, and now have more ready access than formerly to a broad range of banking services.

From the point of view of an individual bank customer, the decline in number of banks since 1921 may or may not have altered the competitive picture, the answer depending in part on the magnitude of the customer's own business. For large business concerns it seems quite probable that there has been an increase during the past 40 years in the competition among banks for their business. That is to say, the larger banks, mostly located in large cities, compete with each other for the patronage of concerns doing a nationwide business. With the greatly increased facilities of transportation and communication of recent years, there is more competition of this sort now than formerly, regardless of the changes which have occurred in the number of banks or the number and location of banking offices.

However defined, the banking "giants" competing on a nationwide basis appear to be sufficiently numerous to maintain active competition among themselves. Banking is perhaps the only industry in which attempts to demonstrate a decline in competition invoke the size of the 100 largest—or 50 or 25 or 10 largest—units in the industry in the nation. In any other industry—say automobile, steel, or electronics—this many "giants" would be taken as *prima facie* evidence of a high degree of competition.

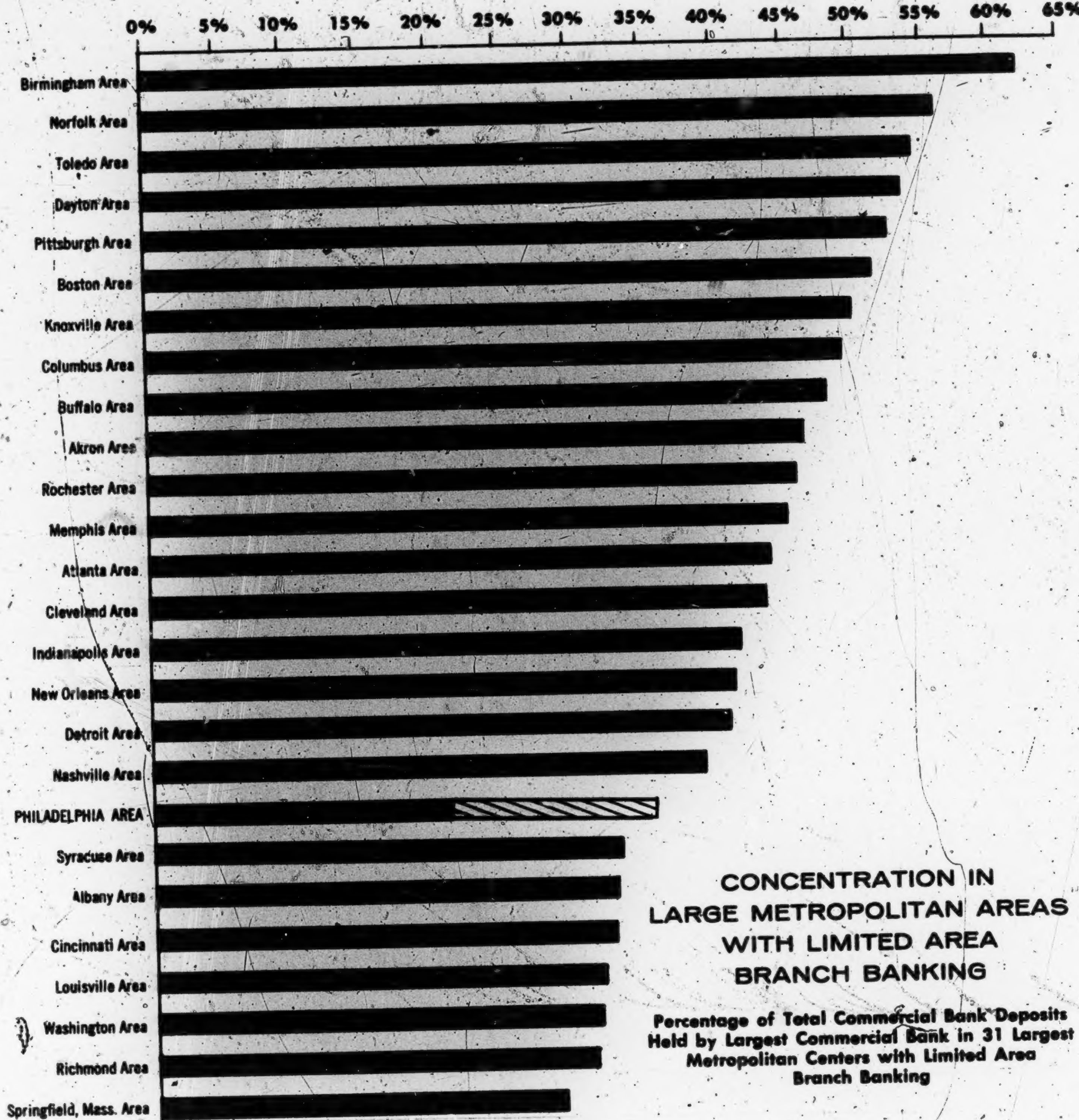
Of course, not all bank customers have access to the nation's large banks; the majority depend upon banks in their own area for such facilities and services as they require. For an individual or a small firm, a reduction in the number of banks operating in a community from two to one may effectively remove the only nearby alternative source of bank credit. On the other hand, some of the requirements of such bank customers can be handled by other financial institutions, which have grown in considerable importance in many areas of the country, or by banks [fol. 6589] at a greater distance away than would have been feasible a few decades ago.

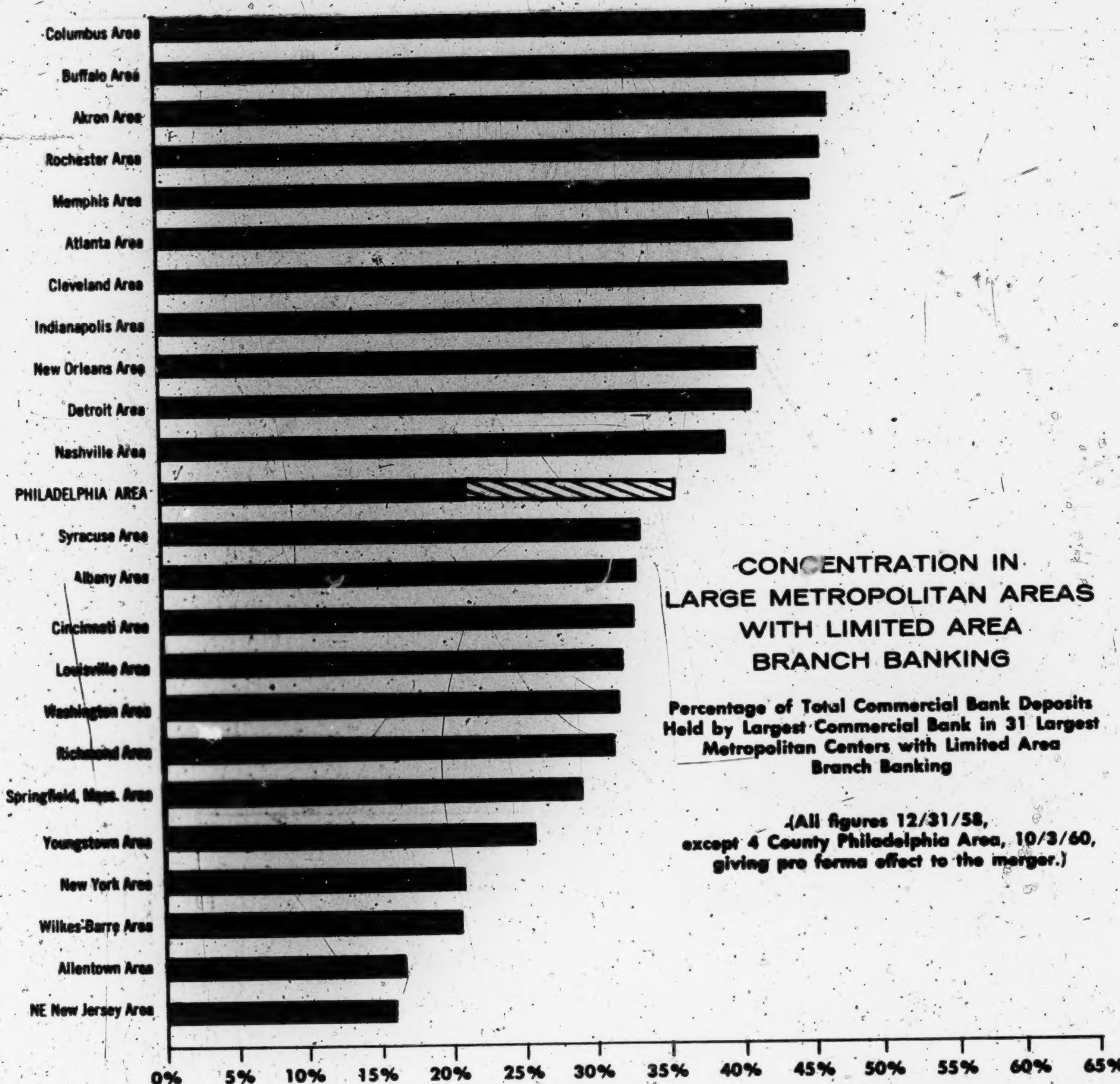
It must also be recognized that though we have a changing economy that increases the need for banking services in most parts of the nation, some localities are adversely

affected and as a consequence some independent banks are destined to disappear. New highways, particularly those with limited access, may divert the patronage of some local banks to other places because of changes in the flow and routing of traffic. Working forces of an industrial establishment that formed a significant part of the clientele of a local bank may be curtailed because of technical developments, or disappear entirely with the closing of a plant. Absorption of the remaining business of a local bank caught in such a situation may by the only reasonable solution to its difficulties.

No easy or simple answer can be given to the question of the extent to which bank competition has been affected by changes in the number of banks and in the relative position of banks since 1921. If there have been significant changes in the nature of competition among banks, or an appreciable reduction in the intensity of competition among them, the evidence of such changes must come from something other than an examination of changes in the number of banks and in their relative position.

DEFENDANT'S EXHIBIT 52





CONCENTRATION IN LARGE METROPOLITAN AREAS WITH LIMITED AREA BRANCH BANKING

Percentage of Total Commercial Bank Deposits Held by Largest Commercial Bank in 31 Largest Metropolitan Centers with Limited Area Branch Banking

(All figures 12/31/58, except 4 County Philadelphia Area, 10/3/60, giving pro forma effect to the merger.)

SOURCES:
Philadelphia, Government Exhibit G2 for Identification
All other: FDIC

[fol. 6591]

Defendants' Exhibit 53

Table 38. Relative Importance of the Largest Commercial Banks in the United States, December 31, 1960

Bank group	Entire United States	50 States and D. C.	48 States and D. C.[1]
All commercial banks			
Number	13,484	13,471	13,446
Deposits (millions)	$230,532	$229,824	$228,888
Largest 100 banks			
Percent of number of all commercial banks	0.74%	0.74%	0.74%
Deposits (millions)	$105,838	$105,838	$105,837
Percent of deposits of all commercial banks	45.9%	46.1%	46.2%
Largest 10 banks			
Deposits (millions)	$46,436	$46,436	$46,436
Percent of deposits of all commercial banks	20.1%	20.2%	20.3%
Largest bank			
Deposits (millions)	$10,285	$10,285	$10,285
Percent of deposits of all commercial banks	4.5%	4.5%	4.5%
Largest 1 percent of the banks			
Number of banks	135	135	134
Deposits (millions)	$115,032	$115,032	$114,657
Percent of deposits of all commercial banks	49.9%	50.1%	50.1%
Largest ½ of 1 percent of the banks			
Number of banks	67	67	67
Deposits (millions)	$93,522	$93,522	$93,522
Percent of deposits of all commercial banks	40.6%	40.7%	40.9%
Largest 1/10 of 1 percent of the banks			
Number of banks	13	13	13
Deposits (millions)	$52,783	$52,783	$52,783
Percent of deposits of all commercial banks	22.9%	23.0%	23.1%

Source: Page 100 of the Annual Report of the FDIC for 1960.

[fol. 6592]

Defendants' Exhibit 54

Table 39. Commercial Banking Offices and Percentage of Deposits in the Largest Banks in Each State, December 31, 1960

	Number of commercial banks and trust companies	Number of offices operated	Population per bank [1]	Population per office [1]	Percentage of deposits of all commercial banks in— Largest bank	Largest three banks	Largest five banks
16 States with Statewide branch banking prevalent [2]							
Nevada	7	44	40,754	6,484	63.1%	86.4%	97.2%
Rhode Island	17	135	50,558	6,367	52.6	89.9	95.9
Arizona	10	189	130,216	6,890	47.2	86.1	96.9
Delaware	22	80	20,286	5,579	44.8	79.2	91.5
Oregon	52	247	34,013	7,161	43.7	86.3	88.4
Hawaii	12	98	52,731	6,457	43.0	87.9	95.7
California	117	1,793	134,335	8,766	42.3	65.7	77.7
Idaho	32	115	20,850	5,802	36.0	74.5	83.8
Washington	91	391	31,354	7,297	33.4	60.7	72.2
Utah	50	124	17,813	7,182	30.3	64.4	76.5
Alaska	13	46	17,397	4,917	29.4	62.2	79.1
South Carolina	145	292	16,432	8,160	24.7	42.2	51.3
North Carolina	183	691	24,897	6,594	23.3	46.2	56.1
Connecticut	141	396	17,980	6,402	18.0	42.1	55.6
Maryland	139	422	22,307	7,348	16.2	40.3	55.1
Vermont	62	96	6,288	4,061	9.4	25.6	35.2
16 States with limited area branch banking prevalent [2]							
Massachusetts	356	852	14,462	6,043	27.5	42.9	53.4
Michigan	380	958	20,587	8,166	21.5	40.7	50.1
Alabama	238	328	13,726	9,960	17.8	31.3	40.6
Georgia	421	527	9,366	7,482	17.2	40.0	48.2
New York	529	2,066	31,725	8,123	16.6	39.6	54.8
New Mexico	55	111	17,291	8,568	16.5	37.1	45.4
Louisiana	190	366	17,142	8,899	14.3	29.3	38.7

Maine	79	218	12,269	4,446	13.2	32.9	46.5
Pennsylvania	710	1,552	15,943	7,293	12.9	27.8	38.7
Ohio	587	1,228	16,536	7,904	11.8	23.4	30.9
Mississippi	193	329	11,286	6,620	11.7	24.7	28.7
Tennessee	297	513	12,010	6,953	11.5	28.6	40.8
Kentucky	355	501	8,558	6,064	11.2	27.0	33.5
Indiana	447	758	10,431	6,151	9.8	23.8	29.3
Virginia	305	589	13,006	6,735	7.7	20.2	27.7
New Jersey	274	731	22,142	8,299	6.3	16.8	23.5
18 States with unit banking prevalent [2]							
Illinois	966	970	10,436	10,393	15.9	35.4	42.1
Colorado	192	199	9,135	8,814	15.8	37.5	47.0
Wisconsin	563	721	7,019	5,481	15.4	24.9	28.6
Nebraska	426	438	3,313	3,222	14.8	27.9	37.6
North Dakota	156	185	4,054	3,419	14.0	21.2	27.4
Oklahoma	389	412	5,985	5,651	12.3	32.6	32.1
Minnesota	690	696	4,948	4,905	12.0	31.1	35.6
Wyoming	55	56	6,001	5,894	11.2	28.7	38.8
Missouri	626	651	6,901	6,636	9.5	26.5	35.7
South Dakota	174	233	3,911	2,921	8.8	22.4	31.2
Texas	1,011	1,039	9,475	9,220	8.2	21.0	27.8
Florida	309	323	16,024	15,330	7.0	15.0	20.3
Arkansas	237	283	7,537	6,312	6.8	17.2	23.3
Kansas	587	612	3,711	3,560	6.8	14.3	18.7
West Virginia	182	182	10,222	10,222	6.1	17.2	22.6
Montana	121	122	5,577	5,531	5.7	15.8	24.4
New Hampshire	107	113	5,672	5,371	5.7	16.3	25.5
Iowa	673	850	4,097	3,221	4.7	11.9	17.4

[1] Computed from population, April 1, 1960.
[2] Classification of States by prevalent type of bank organization as of December 31, 1958, described in Table 23 of this Report, p. 45.
Source: Page 101 of the Annual Report of the FDIC for 1960.

Giving effect to the merger, the Percentage of deposits of all commercial banks in the Largest bank, the Largest three banks and the Largest five banks in Pennsylvania would be, respectively, 12.9%, 32.6%, and 42.0%.

Sources: Directory of Philadelphia Banks and Trust Companies; John F. Hyle, Assistant Comptroller, Mellon National Bank; page 137 of the Annual Report of the FDIC for 1960.

[fol. 6593]

DEFENDANTS' EXHIBIT 55

Table 40. Commercial Banking Offices and Percentage of Deposits in the Largest Banks in the Principal County (or Counties) in 65 Metropolitan Areas, June 15, 1960[1]

Metropolitan area	Number of commercial banks and trust companies operating in county (or counties)[1]	Number of offices operated	Population per office[2]	Percentage of deposits of all commerical banks in—[3] Largest bank	Largest three banks	Largest five banks
13 metropolitan areas in States with Statewide branch banking prevalent[4]						
Sacramento: Sacramento County, California	10	46	10,930	51.1%	91.8%	96.2%
Phoenix: Maricopa County, Arizona	6	82	8,092	50.8	96.9	99.2
Providence: Bristol, Kent and Providence Counties, Rhode Island	7	77	9,332	47.8	86.7	93.2
San Jose: Santa Clara County, California	8	71	9,047	44.7	79.6	96.3
Honolulu: Honolulu County, Hawaii	10	61	8,203	42.6	87.1	96.7
San Diego: San Diego County, California	7	97	10,650	42.0	87.3	98.5
Hartford: Hartford County, Connecticut	18	62	11,122	40.1	81.7	87.9
Portland: Clackamas and Multnomah Counties, Oregon	11	62	10,256	39.3	86.5	91.4
Los Angeles: Los Angeles County, California	47	566	10,669	38.4	77.9	90.3
Seattle: King County, Washington	15	99	9,445	31.9	67.9	88.0
San Bernardino: Riverside and San Bernardino Counties, California	13	90	8,998	29.1	67.7	88.7
San Francisco: Alameda and San Francisco Counties, California	18	224	7,359	28.1	50.6	76.4
Baltimore: Baltimore City and Baltimore County, Maryland	13	116	12,340	23.0	58.7	79.1
34 metropolitan areas in States with limited area branch banking prevalent[4]						
Birmingham: Jefferson County, Alabama	7	36	17,635	60.9	92.8	99.3
Toledo: Lucas County, Ohio	7	39	11,716	53.5	90.1	97.5
Dayton: Montgomery County, Ohio	12	33	15,972	52.4	82.2	92.5
Pittsburgh: Allegheny County, Pennsylvania	33	141	11,550	51.7	82.2	89.4
Boston: Suffolk County, Massachusetts	15	93	8,509	51.5	78.3	90.5

Knoxville: Knox County, Tennessee	6	21	11,930	49.1	88.2	100.0
Columbus: Franklin County, Ohio	16	49	13,938	47.6	87.6	91.5
Norfolk: Norfolk City, Portsmouth City and Norfolk County, Virginia	8	48	9,818	47.5	76.1	88.2
Akron: Summit County, Ohio	7	30	17,119	45.1	83.6	96.3
Memphis: Shelby County, Tennessee	9	51	12,294	43.9	92.6	97.0
Rochester: Monroe County, New York	6	52	11,276	43.7	87.5	99.5
Detroit: Wayne County, Michigan	24	240	11,110	42.6	78.1	89.2
New Orleans: Orleans County, Louisiana	6	39	16,090	41.8	84.8	99.3
Nashville: Davidson County, Tennessee	9	43	9,296	41.4	89.4	98.4
Indianapolis: Marion County, Indiana	6	82	8,507	41.1	96.8	99.6
Cleveland: Cuyahoga County, Ohio	8	148	11,134	38.1	78.1	97.9
Buffalo: Erie and Niagara Counties, New York	15	129	10,131	37.4	76.7	91.2
Gary: Lake County, Indiana	15	37	13,872	35.3	62.5	77.8
Washington: District of Columbia	12	77	9,922	34.9	74.4	87.0
Syracuse: Onondaga County, New York	8	47	9,001	34.8	77.0	97.2
Richmond: Richmond City and Henrico County, Virginia	10	43	7,844	34.7	79.5	95.3
Albany: Albany, Rensselaer and Schenectady Counties, New York	15	57	9,972	34.2	67.7	76.0
Cincinnati: Hamilton County, Ohio	11	95	9,096	33.4	81.7	95.2
Springfield: Hampden County, Massachusetts	9	45	9,541	32.3	71.6	88.1
Atlanta: Fulton and DeKalb Counties, Georgia	28	69	11,784	30.9	71.8	87.1
Louisville: Jefferson County, Kentucky	11	69	8,854	30.1	67.5	88.0
Jersey City: Hudson County, New Jersey	14	61	10,012	27.6	60.0	87.4
Philadelphia: Philadelphia County, Pennsylvania	21	143	14,004	26.1	63.7	83.6
Youngstown: Mahoning and Trumbull Counties, Ohio	15	47	10,830	23.0	58.5	82.1
Newark: Essex and Union Counties, New Jersey	33	137	10,422	21.8	56.0	65.0
New York: Bronx, Kings, New York, Queens and Richmond Counties, New York	51	630	12,352	20.3	49.0	67.5
Wilkesbarre: Luzerne County, Pennsylvania	32	52	6,672	19.1	40.6	51.6
Paterson: Bergen and Passaic Counties, New Jersey	42	119	9,974	17.9	37.1	43.1
Allentown: Lehigh and Northampton Counties, Pennsylvania	31	52	8,249	17.3	39.2	56.7
18 metropolitan areas in States with unit banking prevalent[4]						
Omaha: Douglas County, Nebraska	15	18	19,083	45.7	82.0	89.2
Milwaukee: Milwaukee County, Wisconsin	32	46	22,523	42.2	68.4	74.4
Wheeling: Ohio County, West Virginia	7	7	9,777	41.4	70.4	90.7

Table 40. Commercial Banking Offices and Percentage of Deposits in the Largest Banks in the Principal County (or Counties) in 65 Metropolitan Areas, June 15, 1960[1]

Metropolitan area	Number of commercial banks and trust companies operating in county (or counties)[4]	Number of offices operated	Population per office[2]	Percentage of deposits of all commercial banks in— Largest bank	Largest three banks	Largest five banks
Tulsa: Tulsa County, Oklahoma	19	20	17,302	38.8	81.4	87.3
Oklahoma City: Oklahoma County, Oklahoma	24	30	14,650	37.0	69.7	79.5
Fort Worth: Tarrant County, Texas	21	22	24,477	35.1	76.6	80.9
Dallas: Dallas County, Texas	38	38	25,040	35.0	79.8	84.8
Charleston: Kanawha County, West Virginia	12	12	21,077	32.3	70.4	84.6
Jacksonville: Duval County, Florida	16	19	23,969	30.8	79.4	86.6
Kansas City: Clay and Jackson Counties, Missouri	57	62	11,455	29.4	63.0	69.4
Denver: Denver County, Colorado	24	29	17,031	28.7	68.6	85.3
Houston: Harris County, Texas	62	63	19,733	28.2	60.1	72.6
Miami: Dade County, Florida	37	38	24,607	26.8	41.1	49.8
San Antonio: Bexar County, Texas	23	25	27,486	26.8	66.8	77.9
Minneapolis: Hennepin and Ramsey Counties, Minnesota	66	72	17,575	23.1	60.4	69.0
St. Louis: St. Louis City and St. Louis County, Missouri	64	70	20,765	22.6	51.5	58.8
Chicago: Cook County, Illinois	154	154	33,310	22.2	48.1	57.5
Tampa: Hillsboro and Pinellas Counties, Florida	32	33	23,408	14.8	38.0	53.4

[1] Principal counties in standard metropolitan areas as defined by the Bureau of the Budget, with population of 400,000 or more on April 1, 1960, except that in Connecticut, Massachusetts, and Rhode Island (where standard metropolitan areas are defined in terms of cities and towns) they are counties with the majority of the population within standard metropolitan areas.

[2] Computed from population, April 1, 1960.

[3] For some areas data are not strictly comparable with those shown for earlier years in Table 29, pp. 56–57.

[4] Classification of States by prevalent type of bank organization as of December 31, 1958, described in Table 23 of this Report, p. 45.

Source: Pages 102 and 103 of the Annual Report of the FDIC for 1960.

Giving effect to the merger, the Percentage of deposits of all commercial banks in the Largest Bank, the Largest three banks and the Largest five banks in Philadelphia County would be, respectively, 37.5%, 74.6% and 89.8%.

Sources: Directory of Philadelphia Banks and Trust Companies; Margaret F. Nagle, Ass't Comptroller, First Pa. Co.; W. Ray Baldwin, Jr., Ass't Comptroller, P.N.B.; Donald S. Drain, Ass't Comptroller, Provident Tradesmens; J. Roland Stott; V. P., Fidelity-Philadelphia; Samuel G. Hall, Ass't Auditor, Central-Penn; pages 67 and 99 of Distribution of Bank Deposits by Counties and Standard Metropolitan Areas June 15, 1960, Board of Governors of the Federal Reserve System.

[fol. 6594]

DEFENDANTS' EXHIBIT 56

Girard Trust Corn Exchange Bank

Branch Area Deposit Survey

Suburban Offices	Deposits in Two-Mile Radius Circle of Office	Total Deposits	% of Deposits Within Two Miles
Bala-Cynwyd City Line, Montgomery County	$ 3,330,800	$ 3,868,400	86%
Narberth Haverford Road, Montgomery County	6,836,000	8,873,700	77%
Wynnewood Wynnewood Road, Montgomery County	4,085,400	5,366,500	76%
Newtown Square West Chester Pike, Delaware County	1,523,100	2,276,500	67%
Pilgrim Gardens Township Line Road, Delaware County	2,596,000	3,143,200	83%
Upper Darby & PTC Terminal 69th & Market Streets Delaware County	13,716,900	21,071,000	65%
Totals	$32,088,200	$44,599,300	72%

Philadelphia Offices	Deposits in One-Mile Radius	Deposits in Two-Mile Radius	Total Deposits	% of Deposits Within 1 Mile	% of Deposits Within 2 Miles
Arch Street Third & Arch Streets	$ 5,788,000	$ 6,211,800	$ 9,301,500	62%	67%
Bridesburg Bridesburg, Ash & Thompson Streets	5,857,600	6,024,700	6,323,100	92%	97%
Frankford Frankford and Oxford Streets	11,234,700	13,963,100	15,024,900	74%	93%
Orthodox Torresdale and Orthodox Streets	5,380,300	5,624,500	5,820,400	93%	96%
Wissinoming Torresdale and Howell Streets	6,464,700	6,750,000	6,975,900	93%	97%
Total	$34,725,300	$38,574,100	$43,445,800	80%	89%

Notes: The surveys were made by branch office personnel during the last half of 1960, based upon regular checking account average balances of June 1960 (tabulating cards for every account were sent to the branches from Main Office). Total deposits stated for each branch do not include special checking account balances, which would total approximately $3,800,000 for the eleven offices surveyed. Figures include saving fund balances which were obtained from ledger cards maintained in each office. Depending upon the size of the office and number of accounts involved, a sampling analysis was made. In no case, however, was less than a 25% sample used. Deposits were run and listed by address into zones on maps supplied by the Girard's Branch Administration department.

[fol. 6595]

Defendants' Exhibit 57

Number of Girard Loans to Customers Located Within the 4-County Area, Distributed by Size and Type of Loan

Size of Loan		Commercial and Industrial	Consumer Instalment	Real Estate	All Other	Total
Under	$ 10,000	1,299	51,758	1,535	2,353	56,945
$ 10,000	24,999	335	404	434	607	1,780
25,000	49,999	183	38	77	294	592
50,000	99,999	152	–	26	135	313
100,000	249,999	121	–	15	66	202
250,000	499,999	65	–	8	27	100
500,000	999,999	25	–	4	6	35
1,000,000	2,499,999	19	–	1	7	27
2,500,000	4,999,999	2	–	–	–	2
5,000,000	and over	–	–	–	–	–
		2,201	52,200	2,100	3,495	59,996

Source: Girard's Records. Distribution of all loans $50,000 and over is based on an actual count as of September 21, 1960. The breakdown of loans under $50,000 is based on an analysis of samples of loans in Girard's consumer credit department on May 8, 1961 and of all other loans on May 8, 1961.

[fol. 6596]

Defendants' Exhibit 60

Demand Deposits

I

Geographical Distribution of Defendants' Demand Deposits of Individuals

(000 omitted in following $ amounts)

Location of Depositor	Philadelphia National Bank $ Amount	Philadelphia National Bank %	Girard Trust Corn Exchange Bank $ Amount	Girard Trust Corn Exchange Bank %	Combined $ Amount	Combined %
Philadelphia	$40,844	53%	$83,703	56%	$124,547	55%
Bucks, Delaware & Mont. Cos.	30,952	40%	46,788	31%	77,740	34%
Total, 4 Cos.	71,796	93%	130,491	87%	202,287	89%
Rest of 10-County Area	1,215	1%	4,598	3%	5,813	2%
Rest of Third Fed. Res. Dist.	1,288	2%	10,397	7%	11,685	5%
Northeast U. S. Outside Third F.R.D.	1,374	2%	2,700	2%	4,074	2%
Rest of U. S.	631	1%	1,197	1%	1,828	1%
Foreign	531	1%	92		623	1%
Total	$76,835	100%	$149,475	100%	$226,310	100%

Source: Defendants' records. Figures are average deposits for June, 1960. Distribution of deposits under $10,000 each (aggregating $48,291,000 for Philadelphia National and $94,642,000 for Girard Trust) is based on a sampling of such deposits.

[fol. 6597]

Demand Deposits

Philadelphia National Bank

II

Geographical Distribution of Demand Deposits of Partnerships and Corporations

Size of Deposit:	Under $10,000 $ Amt.	%	$10,000–$49,999 $ Amt.	%	$50,000–$99,999 $ Amt.	%	$100,000–$499,999 $ Amt.	%	$500,000 and Over $ Amt.	%	Total $ Amt.	%
	(000 omitted in following $ Amounts)											
Location of Depositor:												
Philadelphia	$ 15,610	55%	$ 22,647	51%	$ 14,582	47%	$ 51,584	46%	$110,886	56%	$215,309	52%
Bucks, Delaware & Montgomery Counties	12,666	44%	12,366	28%	5,622	18%	13,395	12%	14,450	7%	58,499	14%
Total 4 Cos.	28,276	99%	35,013	79%	20,204	65%	64,979	58%	125,336	63%	273,808	66%
Rest of 10-County Area	220	1%	1,421	3%	1,386	4%	5,590	5%	13,480	7%	22,097	5%
Fest of Third F.R.D.	94	nom.	1,122	3%	1,917	6%	3,481	3%	6,036	3%	12,650	3%
Northeast U.S. Outside 3rd F.R.D.	—	—	4,917	11%	5,771	18%	21,465	19%	30,303	15%	62,456	15%
Rest of U.S.	—	—	1,489	3%	1,923	6%	15,569	14%	24,138	12%	43,119	10%
Roreign	—	—	124	1%	69	1%	462	1%	—	—	655	1%
Total	$ 28,590	100%	$ 44,086	100%	$ 31,270	100%	$111,546	100%	$199,293	100%	$414,785	100%

Source: Philadelphia National Bank's records. Figures are average deposits for June, 1960. Distribution of deposits under $10,000 is based on a sampling of such deposits.

[fol. 6598]

Demand Deposits

Girard Trust Corn Exchange Bank

III

Geographical Distribution of Demand Deposits of Partnerships and Corporations

Size of Deposit:	Under $10,000 $ Amt.	%	$10,000–$49,999 $ Amt.	%	$50,000–$99,999 $ Amt.	%	$100,000–$499,999 $ Amt.	%	$500,000 and Over $ Amt.	%	Total $ Amt.	%
	(000 omitted in following $ amounts)											
Location of Depositor:												
Philadelphia	$ 16,078	55%	$ 29,697	70%	$ 19,963	66%	$ 45,861	62%	$ 58,659	71%	$170,258	66%
Bucks, Delaware & Montgomery Counties	10,048	35%	6,907	16%	4,710	15%	7,068	9%	4,284	5%	33,017	12%
Total 4 Cos.	26,126	90%	36,604	86%	24,673	81%	52,929	71%	62,943	76%	203,275	78%
Rest of 10-County Area	642	2%	928	2%	652	2%	1,837	3%	520	1%	4,579	2%
Rest of Third F.R.D.	2,359	8%	1,106	3%	2,017	7%	5,452	7%	7,576	9%	18,510	7%
Northeast U.S. Outside 3rd F.R.D.	—	—	2,772	7%	2,270	7%	9,259	12%	8,645	10%	22,946	9%
Rest of U.S.	—	—	923	1%	729	2%	4,452	6%	2,879	4%	8,983	3%
Foreign	—	—	154	1%	179	1%	944	1%	—	—	1,277	1%
Total	$ 29,127	100%	$ 42,487	100%	$ 30,520	100%	$ 74,873	100%	$ 82,563	100%	$259,570	100%

Source: Girard Trust's records. Figures are average deposits for June, 1960. Distribution of deposits under $10,000 is based on a sampling of such deposits.

[fol. 6599]

Demand Deposits

Combined

IV

Geographical Distribution of Defendants' Combined Demand Deposits of Partnerships and Corporations

Size of Deposit:	Under $10,000		$10,000 and over		Total	
	$ Amount	%	$ Amount	%	$ Amount	%
	(000 omitted in following $ amounts)					
Location of Depositor:						
Philadelphia	$31,688	55%	$353,879	57%	$385,567	57%
Bucks, Delaware & Montgomery Counties	22,714	39%	68,802	11%	91,516	14%
Total 4 Counties	54,402	94%	422,681	68%	477,083	71%
Rest of 10-County Area	862	2%	25,814	4%	26,676	4%
Rest of Third F.R.D.	2,453	4%	28,707	5%	31,160	4%
Northeast U. S. Outside Third F.R.D.	–	–	85,402	14%	85,402	12%
Rest of U. S.	–	–	52,102	8%	52,102	8%
Foreign	–	–	1,932	1%	1,932	1%
Total	$57,717	100%	$616,638	100%	$674,355	100%

Source: Tables II and III.

[fol. 6600]

Demand Deposits

V

Geographical Distribution of Defendants' Deposits of States and Political Subdivisions, and of Domestic and Foreign Banks

(000 omitted in following $ amounts)

Type of Deposit:	Philadelphia National Bank						Girard Trust Corn Exchange Bank					
	State and Political Subdivision*		Domestic Banks		Foreign Banks		State and Political Subdivision*		Domestic Banks		Foreign Banks	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Location of Depositor:												
Philadelphia	$ 22,937	45%	$ 12,394	7%	—	—	$ 4,503	47%	$ 39,712	51%	—	—
Bucks, Delaware & Montgomery Cos.	3,783	8%	1,775	1%	—	—	1,717	18%	1,403	2%	—	—
Total 4 Cos.	26,720	53%	14,169	8%	—	—	6,220	65%	41,115	53%	—	—
Rest of 10-County Area	58	—	24,518	15%	—	—	—	—	7,163	9%	—	—
Rest of Third F.R.D.	23,709	47%	52,046	31%	—	—	3,175	33%	11,328	15%	—	—
Northeast U. S. Outside 3rd F.R.D.	36	—	47,464	28%	$ 2,901	15%	—	—	10,307	14%	—	—
Rest of U. S.	—	—	30,815	18%	14	nom.	—	—	6,934	9%	—	—
Foreign	—	—	—	—	16,119	85%	239	2%	—	—	$ 4,693	100%
Total	$ 50,523	100%	$169,012	100%	$ 19,034	100%	$ 9,634	100%	$ 76,847	100%	$ 4,693	100%

Source: Defendants' records. Figures are average deposits for June, 1960. Distribution of deposits under $10,000 (deposits of domestic banks aggregating $360,000 in Philadelphia National and $582,000 in Girard Trust, and deposits of foreign banks aggregating $412,000 in Philadelphia National) was based on estimates made by officers of the banks.

* United States Government deposits not included.

[fol. 6601]

Demand Deposits

V (Continued)

	State and Political Subdivision		Combined Domestic Banks		Combined Foreign Banks	
	$ Amount	%	$ Amount	%	$ Amount	%
Location of Depositor:						
Philadelphia	$27,440	46%	$ 52,106	21%	$ –	–
Bucks, Delaware & Montgomery Counties	5,500	9%	3,178	1%	–	–
Total 4 Counties	32,940	55%	55,284	22%	–	–
Rest of 10-County Area	58	–	31,681	13%	–	–
Rest of Third F.R.D.	26,884	45%	63,374	26%	–	–
Northeast U. S. Outside Third F.R.D.	36	–	57,771	24%	2,901	12%
Rest of U. S.	–	–	37,749	15%	14	nom.
Foreign	239	–	–	–	20,812	88%
Total	$60,157	100%	$245,859	100%	$23,727	100%

[fol. 6602]

Defendants' Exhibit 61

Time Deposits

I

Geographical Distribution of Defendants' Savings and Business Time Deposits

(000 omitted in following $ amounts)

Type of Deposit:	Savings Deposits						Business Time Deposits					
	PNB		GTCXB		Combined		PNB		GTCXB		Combined	
Location of Depositor:	$ Amount	%	$ Amount	%	$ Amount	%	$ Amount	%	$ Amount	%	$ Amount	%
Philadelphia	$		$ 60,713	58%	$		$ 5,626	53%	$ 6,862	77%	$ 12,488	64%
Bucks, Delaware & Montgomery Counties			39,779	39%			51[illegible]	5%	197	2%	715	4%
Total 4 Counties	90,243	95%	100,492	97%	190,735	96%	6,14[illegible]	58%	7,059	79%	13,203	68%
Rest of 10-County Area	3,230	3%	1,556	2%	4,786	2%	71[illegible]	7%	—	—	716	4%
Rest of Third F.R.D.	1,846	2%	1,149	1%	2,995	2%	63	1%	1,146	13%	1,209	6%
Northeast U. S. Outside Third F.R.D.	—	—	—	—	—	—	2,93[illegible]	27%	306	3%	3,240	16%
Rest of U. S.	—	—	—	—	—	—	240	2%	89	1%	329	2%
Foreign	—	—	—	—	—	—	51[illegible]	5%	322	4%	836	4%
Total	$ 95,319	100%	$103,197	100%	$198,516	100%	$ 10,61[illegible]	100%	$ 8,922	100%	$19,533	100%

Source: Defendants' records. Figures are average amounts of each deposit, June, 1960, Distribution of deposits under $10,000 is based on estimates by the officers of each bank.

[fol. 6603]

Time Deposits

II

Geographical Source of Other Time Deposits of Defendants

(000 omitted in following $ amounts)

Type of Deposit:	Time Deposits of States and Political Subdivisions						Deposits of Domestic Banks						Deposits of Foreign Banks					
	GTCXB		PNB		Combined		GTCXB		PNB		Combined		GTCXB		PNB		Combined	
Location of Depositor:	$ Amt.	%	$ Amt.	%	$ Amt.	%	$ Amt.	%	$ Amt.	%	$ Amt.	%	$ Amt.	%	$ Amt.	%	$ Amt.	%
Philadelphia	$3,508	95%	$4,814	91%	$8,322	93%	$9,463	100%	$1,000	100%	$10,463	100%	—	—	—	—	—	—
Bucks, Delaware & Mont. Cos.	5	nom.	193	4%	198	2%	—	—	—	—	—	—	—	—	—	—	—	—
Rest of 10-County Area	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rest of Third F.R.D.	5	nom.	271	5%	276	3%	—	—	—	—	—	—	—	—	—	—	—	—
Northeast U. S. Outside Third F.R.D.	—	—	—	—	—	—	—	—	—	—	—	—	1,333	44%	2,733	20%	4,066	25%
Rest of U.S.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Foreign	180	5%	—	—	180	2%	—	—	—	—	—	—	1,705	56%	10,629	80%	12,334	75%
Total	$3,698	100%	$5,278	100%	$8,976	100%	$9,463	100%	$1,000	100%	$10,463	100%	$3,038	100%	$13,362	100%	$16,400	100%

Source: Defendants' records. Figures are average amounts of each deposit, June 1960.

[fol. 6004]

Time Deposits

III

Growth of Personal Savings Deposits Four-County Philadelphia Area 12/31/51 to 12/31/59

(000 omitted in following $ amounts)

	The Philadelphia National Bank[1]	Girard Trust Corn Exchange Bank[1]	Mutual Savings Banks[2]	Savings, Bldg. & Loan Associations[3]
12/31/51	$59,922	$68,578	$1,022,258	$ 476,491
12/31/52	60,639	70,443	1,098,365	545,970
12/31/53	61,437	71,702	1,162,752	630,014
12/31/54	61,946	71,028	1,238,127	736,852
12/31/55	58,248	68,001	1,347,922	842,296
12/31/56	58,585	70,825	1,453,550	943,582
12/31/57	63,876	76,618	1,557,725	1,023,958
12/31/58	78,005	89,666	1,702,021	1,144,187
12/31/59	86,966	98,987	1,800,455	1,257,868
Increase 1951–1959				
Amount	27,044	30,409	778,197	781,377
Percent	45.1%	44.3%	76.1%	164.0%

[1] Source: Defendants' records. Amounts include deposits in banks with which Philadelphia National or Girard as the case may be later merged.

[2] Source: *Polk's Bank Directory* Editions March 1952—March 1960, R. L. Polk & Co., Nashville and *A Directory of Philadelphia Banks and Trust Companies*, The Legal Intelligencer, Philadelphia, 1952–1960.

[3] Source: *Statistical Summary on Savings Building & Loan Associations in Pennsylvania by Counties*, Pennsylvania Savings and Loan League, Harrisburg.

[fol. 6605]

DEFENDANTS' EXHIBIT 62

All Time and Demand Deposits of Individuals, Partnerships and Corporations
Combined Share of Philadelphia National and Girard

(000 omitted in following $ amounts)

	Philadelphia	Four-County Area	Ten-County Area
Demand Deposits of all commercial banks with headquarters in:[1]	$2,558,672	$2,775,614	$3,709,854
Time deposits of all commercial banks with headquarters in:[2]	613,694	784,138	1,335,048
Deposits of mutual savings banks with headquarters in:[3]	1,883,345	1,883,345	1,897,692
Totals	$5,055,711	$5,443,097	$6,942,594
Deposits of Savings and Loan Ass'ns and Building and Loan Ass'ns with headquarters in:[3]	900,228	1,257,867	1,498,413
Members shares of credit unions with headquarters in:[3]	5,700	6,460	10,960
Totals	$5,961,639	$6,707,424	$8,451,967
Time and Demand Deposits[3] of Phila. Nat'l and Girard, and as % of	$1,182,829	$1,182,829	$1,182,829
all commercial and mutual banks:	23%	22%	17%
all institutions:	20%	18%	14%

Sources: [1] Reports of Condition, June 15, 1960, of each such bank filed with Federal Reserve or with state banking authorities.
[2] Defendants' exhibit ("Time Deposits").
[3] Reports of Condition, June 15, 1960, for defendant banks.

[fol. 6606]

Defendants' Exhibit 63

Commercial and Industrial Loans

I

Geographical Distribution of Philadelphia National Bank's Loans

Size of Loan:	Under $50,000 $ Amt.	%	$50,000–$99,999 $ Amt.	%	$100,000–$499,999 $ Amt.	%	$500,000–$999,999 $ Amt.	%	Over $1,000,000 $ Amt.	%	Total $ Amt.	%
Location of Borrower:	(000 omitted in following $ amounts)											
Philadelphia	$ 7,377	33%	$ 5,040	38%	$27,347	43%	$18,786	44%	$ 56,479	34%	$115,029	38%
Bucks, Delaware & Mont. Counties	9,305	42%	4,838	36%	12,152	19%	4,859	11%	18,599	11%	49,753	16%
Total 4 Cos.	16,682	75%	9,878	74%	39,499	62%	23,645	55%	75,078	45%	164,782	54%
Rest of 10-County Area	864	4%	631	5%	4,514	7%	3,698	9%	17,145	11%	26,852	9%
Rest of Third F.R.D.			1,519	11%	6,379	10%	3,789	9%	13,303	8%	29,598	9%
Northeast U.S. Outside 3rd F.R.D.	4,608	21%	749	5%	8,480	13%	5,823	13%	33,227	20%	48,279	16%
Rest of U.S.			616	5%	4,049	7%	5,928	14%	25,730	16%	36,323	12%
Foreign			—	—	495	1%	—	—	—	—	495	—
Total	$22,154	100%	$13,393	100%	$63,416	100%	$42,883	100%	$164,483	100%	$306,329	100%

Source: Philadelphia Nationals' records. Figures are as of September 21, 1960. Distribution of loans under $50,000 was based on a sampling of such loans.

[fol. 6607]

Commercial and Industrial Loans

II

Geographical Source of Girard Trust Corn Exchange Bank's Loans

Size of Loan:	Under $50,000 $ Amt.	%	$50,000–$99,999 $ Amt.	%	$100,000–$499,999 $ Amt.	%	$500,000–$999,999 $ Amt.	%	Over $1,000,000 $ Amt.	%	Total $ Amt.	%
Location of Borrower:	(000 omitted in following $ amounts)											
Philadelphia	$16,167	51%	$7,658	56%	$33,872	57%	$13,199	46%	$28,429	46%	$ 99,325	51%
Bucks, Delaware & Mont. Counties	5,072	16%	2,490	18%	7,121	12%	2,446	9%	6,371	10%	23,500	12%
Total 4 Cos.	21,239	67%	10,148	74%	40,993	69%	15,645	55%	34,800	56%	122,825	63%
Rest of 10-County Area	951	3%	1,031	7%	2,049	3%	2,029	7%	—	—	6,060	3%
Rest of Third F.R.D.			1,228	9%	8,156	14%	4,092	14%	6,755	11%	29,741	15%
Northeast U.S. Outside 3rd F.R.D.	9,510	30%	946	7%	4,322	7%	5,354	19%	16,500	27%	27,122	14%
Rest of U.S.			225	2%	1,788	3%	—	—	2,130	3%	4,173	2%
Foreign			150	1%	2,178	4%	1,497	5%	2,000	3%	5,825	3%
Total	$31,700	100%	$13,758	100%	$59,486	100%	$28,617	100%	$62,185	100%	$195,746	100%

Source: Girard Trust's records. Figures are as of September 21, 1960. Distribution of loans under $50,000 based on sampling of such loans.

[fol. 6608]

Commercial and Industrial Loans

III

Geographical Distribution of Defendants' Combined Loans

Size of Loan:	Under $50,000 $ Amount	%	$50,000–$99,999 $ Amount	%	$100,000–$499,999 $ Amount	%	$500,000–$999,999 $ Amount	%	Over $1,000,000 $ Amount	%	Total $ Amount	%
	(000 omitted in following $ amounts)											
Location of Borrower:												
Philadelphia	$23,544	44%	$12,698	47%	$61,219	50%	$31,985	45%	$84,908	37%	$214,354	43%
Bucks, Delaware & Mont. Counties	14,377	27%	7,328	27%	19,273	16%	7,305	10%	24,970	11%	73,253	14%
Total 4 Cos.	37,921	71%	20,026	74%	80,492	66%	39,290	55%	109,878	48%	287,607	57%
Rest of 10-County Area	1,815	3%	1,662	6%	6,563	5%	5,727	8%	17,145	8%	32,912	7%
Rest of Third F.R.D.			2,747	10%	14,535	12%	7,881	11%	20,058	9%	59,339	12%
Northeast U.S. Outside Third F.R.D.	14,118	26%	1,695	6%	12,802	10%	11,177	16%	49,727	22%	75,401	15%
Rest of U.S.			871	3%	5,837	5%	5,928	8%	27,860	12%	40,496	8%
Foreign			150	1%	2,673	2%	1,497	2%	2,000	1%	6,320	1%
Total	$53,854	100%	$27,151	100%	$122,902	100%	$71,500	100%	$226,668	100%	$502,075	100%

Source: Tables I and II.

[fol. 6609]

Defendants' Exhibit 64

Real Estate Loans

I

Geographical Distribution of Defendants' Real Estate Loans

Size of Loan:	The Philadelphia National Bank Under $50,000 $ Amount	%	The Philadelphia National Bank $50,000 and Over $ Amount	%	Girard Trust Corn Exchange Bank Under $50,000 $ Amount	%	Girard Trust Corn Exchange Bank $50,000 and Over $ Amount	%	Combined Under $50,000 $ Amount	%	Combined $50,000 and Over $ Amount	%
	(000 omitted in following $ amounts)											
Location of Borrower:												
Philadelphia	$ 4,556	13%	$12,867	44%	$5,553	31%	$9,647	61%	$10,109	19%	$22,514	50%
Bucks, Del. & Montgomery Cos.	25,237	72%	4,875	17%	11,821	66%	1,479	9%	37,058	70%	6,354	14%
Total 4 Cos.	29,793	85%	17,742	61%	17,374	97%	11,126	70%	47,167	89%	28,868	64%
Rest of 10 Cos.	4,557	13%	1,602	5%	—	—	980	6%	4,557	9%	2,582	6%
Rest of Third F.R.D.	—	—	2,763	10%	—	—	1,128	7%	—	—	3,891	8%
Northeast U.S. Outside Third F.R.D.	701	2%	4,482	15%	—	—	1,346	9%	1,238	2%	5,828	13%
Rest of U.S.	—	—	2,579	9%	537	3%	1,352	8%	—	—	3,931	9%
Foreign	—	—	—	—	—	—	—	—	—	—	—	—
Total	$35,051	100%	$29,168	100%	$17,911	100%	$15,932	100%	$52,962	100%	$45,100	100%

Source: Defendants' records. Figures are as of September 21, 1960. Distribution of loans under $50,000 (aggregating $35,051,000 for Phila. Nat. and $17,911,000 for Girard Trust) was based on a sampling of such loans.

[fol. 6610]

DEFENDANTS' EXHIBIT 65

Real Estate Loans

Comparison of Defendants With Certain Other Competing Institutions

(000 omitted in following $ amounts)

	Philadelphia		Four-County Area		Ten-County Area	
	No. of Inst'ns	Aggregate Amount	No. of Inst'ns	Aggregate Amount	No. of Inst'ns	Aggregate Amount
Commercial Banks with headquarters in	13[1]	$ 229,056	40[1]	$ 311,506	116[1]	$ 635,196
Mutual Savings Banks with headquarters in[2]	4	969,298	4	969,298	5	977,116
Savings and Loan and B[illegible]lding and Loan Ass'ns with headqu[illegible] in[3]	323	927,810	421	1,291,093	615	1,540,048
Three Insurance Co[illegible] headquarters in[4]		896,050		896,050		896,050
Outside institutional [illegible] including pension and profit sharing funds, serviced by at least 17 local mortgage service agencies[5]		—		—	—	—
Total	340	$3,022,214	465	$3,467,947	736	$4,038,410
Philadelphia Nat'l-Girard combined loans and as % of whole[6]		95,573(3.2%)		95,573(2.7%)		95,573(2.3%)

[1] Source Reports of Condition of such banks, June 15, 1960, filed with Federal Reserve or state banking authorities. Excluded are Second National Bank of Philadelphia, Brown Brothers Harriman, The Finance Company of Pennsylvania and Pennsylvania Warehousing and Deposit Company because they were not included in the information submitted to defendants by Federal Reserve and other banking authorities.

[2] See Schedule A.

[3] See Schedule B.

[4] See Schedule C. Dollar amounts stated here are for only 3 of the 47 institutions shown on Schedule C.

[5] See Schedule D for lists of local service agencies, mortgage brokers and pension and profit sharing funds. (Partial.)

[6] Source, Reports of Condition, June 15, 1960, of defendant banks filed with Federal Reserve.

[fol. 6611]

Schedule A

Real Estate Loans of Mutual Savings Banks

(000 omitted in following $ amounts)

Philadelphia County

Philadelphia Saving Fund Society	$564,844
Western Saving Fund Society of Phila.	201,029
Beneficial Mutual Savings Bank	123,162
Germantown Savings Fund	80,263
	$969,298

Chester County

Dime Savings Bank of Chester County	7,818
	$977,116

Source: *Polk's Bank Directory*, March 1961.

[fol. 6612]

Schedule B

Real Estate Loans of Savings and Loan and Building and Loan Associations

(000 omitted in following $ amounts)

County	No. of Institutions	Total
Philadelphia	323	$ 927,810
Bucks	21	63,846
Delaware	33	117,570
Montgomery	44	181,867
Total:	421	$1,291,093
Chester	24	$ 44,223
Mercer	20	53,596
Camden	82	58,787
Burlington	22	26,390
Gloucester	22	13,832
New Castle	24	42,127
Total:	194	$ 238,955
Grand Total:	615	$1,530,048

Sources:
For the 5 counties in Pennsylvania—*Statistical Summary on Savings, Building and Loan Associations in Pennsylvania*, by counties, 1950–59, published by the Pennsylvania Savings and Loan League, Harrisburg, Pa.—Data are as of 12/31/59 on this Schedule.
For the 4 counties in New Jersey—*Commissioner of Banking and Insurance, Annual Report*, Bureau of Banking, State of New Jersey, 1959. Data are as of 12/31/59 on this Schedule.
For New Castle County, Delaware—*41st Annual Report of the State Banking Commissioner of Delaware*, 1960, for the fiscal year ending June 30, 1960, for all state-chartered institutions, and *Greater Philadelphia Insured Savings and Loan Association 1961 Official Directory*, published by The Evening and Sunday Bulletin, 1961, for one federal-chartered institution. Data are as of 6/30/60 on this Schedule for state-chartered institutions, and are the average of 12/31/60 data for the one federal-chartered institution.

[fol. 6613]

Schedule C

Institution	Real Estate Loans
The Penn Mutual Life Insurance Company	$472,000,000
Provident Mutual Life Insurance Company of Phila.	291,650,000
The Fidelity Mutual Life Insurance Company	132,400,000
	$896,050,000

The above companies are but a few of the many prominent insurance companies making real estate loans in the Philadelphia area. Other such companies with offices in the Philadelphia area include:

American Independent Life Insurance Company	1522 Locust Street, Phila., Pa.
Community Life Insurance Company	928 Chestnut St., Phila., Pa.
Community Mutual Insurance Company	928 Chestnut St., Phila., Pa.
Equitable Beneficial Mutual Life Insurance Co.	141 North 20th St., Phila., Pa.
Fidelity Interstate Life Insurance Company	2209 Chestnut St., Phila., Pa.
Industrial Life Insurance Company	1622 Arch Street, Phila., Pa.
Life Assurance Company of Penna.	2101 Walnut Street, Phila., Pa.
Life Insurance Co. of North America	1600 Arch Street, Phila., Pa.
National Accident & Health Insurance Co. of Phila.	244 South 8th St., Phila., Pa.
Pennsylvania Life Insurace Company	1355 W. Cheltenham Ave., Phila., Pa.
Philadelphia Life Insurance Company	111 N. Broad St., Phila., Pa.
Philadelphia-United Life Insurance Co.	4500 City Avenue, Phila., Pa.
Philanthropic Mutual Life Insurance Co.	1201 Chestnut St., Phila., Pa.
Pioneer Life Insurance Company	1729 W. Girard Ave., Phila., Pa.
Plymouth Mutual Life Insurance Co.	1512 Walnut St., Phila., Pa.
Presbyterian Minister's Fund	1805 Walnut St., Phila., Pa.
Provident Home Industrial Mutual Life Ins. Co.	731 S. Broad Street, Phila., Pa.
Quaker City Life Insurance Company	1515 Locust St., Phila., Pa.
Superior Life Insurance Company	734 Pine Street, Phila., Pa.
Union Mutual Life Health & Accident Ins. Co.	1941 W. Master St., Phila., Pa.

[fol. 6614]

Aetna Life Insurance Company	3 Penn Center Plaza, Phila., Pa.
Allstate Insurance	1017 Chestnut Street, Phila., Pa.
American Life Insurance Company of N. Y.	2 Penn Center Plaza, Phila., Pa.
American Penn Life Insurance	15th & Walnut Sts., Phila., Pa.
Bankers Life & Casualty Insurance	3639 N. Broad Street, Phila., Pa.
Canada Life Assurance Company	Lewis Tower Building, Phila., Pa.
Connecticut General Life Insurance Co.	12 South 12th St., Phila., Pa.
Connecticut Mutual Life Insurance Co.	1420 Walnut Street, Phila., Pa.
Central National Life Insurance Co. of Omaha	20 South 15th St., Phila., Pa.
Colonial Life Insurance Co. of America	Public Ledger Bldg., Phila., Pa.
Equitable Life Assurance Society	Fidelity-Phila. Trust Bldg., Phila., Pa.
General Accident Fire & Life Assurance Corp.	434 Walnut Street, Phila., Pa.
Guardian Life Insurace Co. of America	Broad & Locust Sts., Phila., Pa.
Home Life Insurance Co. of America	506 Walnut Street, Phila., Pa.
John Hancock Mutual Life Insurance Co.	1415 Locust Street, Phila., Pa.

Note: Source, 1960 Annual Reports of such companies.

Lincoln National Life Insurance	2 Penn Center Plaza, Phila., Pa.
Massachusetts Indemnity & Life Insurance	2 Penn Center Plaza, Phila., Pa.
Metropolitan Life Insurance Company	2 Penn Center Plaza, Phila., Pa.
Mutual of New York	2 Penn Center Plaza, Phila., Pa.
Northwestern Mutual Life Insurance Co.	1405 Locust Street, Phila., Pa.
New York Life Insurance	3 Penn Center Plaza, Phila., Pa.
Prudential Insurance Co. of America	Fidelity-Phila. Trust Bldg., Phila., Pa.
The Travelers Insurance Company	1500 Chestnut Street, Phila., Pa.
United of Omaha	Fidelity-Phila. Trust Bldg., Phila., Pa.

[fol. 6615]

Schedule D

I. Some of the prominent Mortgage Service Companies in the Philadelphia area are:

Bankers Bond & Mortgage Company	1315 Walnut Street, Phila., Pa.
Boulevard Mortgage Company	2608 Cottman Avenue, Phila., Pa.
John M. Breen	123 S. Broad Street, Phila., Pa.
Bryn Mawr Trust Co. Mortgage Servicing Division	Bryn Mawr & Lancaster Aves., Bryn Mawr, Pa.
Central Mortgage Company	1719 Chestnut Street, Phila., Pa.
W. A. Clarke Mortgage Company Division of The First Penna. Company	1518 Walnut Street, Phila., Pa.
Colonial Mortgage Service Company	141 Garrett Road, Upper Darby, Pa.
Crockett Mortgage Company	112 South 16th Street, Phila., Pa.
Delaware-Montgomery Mortgage Co. Division of Industrial Trust Company	1944 N. Front Street, Phila., Pa.
Fidelity Bond & Mortgage Company	16th & Walnut Streets, Phila., Pa.
Mortgage Associates, Inc.	226 South 16th Street, Phila., Pa.
Nutter Mortgage Service	2114 Phila. National Bank Bldg., Phila., Pa.
	509 Cooper Street, Camden, N. J.
Phila. Mortgage Exchange, Inc.	11 N. Juniper Street, Phila., Pa.
Peoples Bond & Mortgage Company	1426 Walnut Street, Phila., Pa.
Republic Mortgage Company	Lewis Tower Bldg., Phila., Pa.
South Jersey Mortgage Company	500 Market Street, Camden, N. J.
Thomas & Groshon, Inc.	6784 Market Street, Upper Darby, Pa.

II. Some of the prominent real estate firms in the Philadelphia area with substantial mortgage activity are:

Allen & Barnes	2515 Germantown Avenue, Phila., Pa.
Barber, Hartman & Co.	1201 Chestnut Street, Phila., Pa.
Arthur W. Binns	2221 Chestnut Street, Phila., Pa.
Binswanger Corporation	1420 Walnut Street, Phila., Pa.
Cabot, Cabot & Forbes	Packard Building, Phila., Pa.
Vernon D. Cox & Co., Inc.	1907 Finance Building, Phila., Pa.
Donnelly & Suess, Inc.	1015 W. Lehigh Avenue, Phila., Pa.
Emlen & Company	14 W. Evergreen Avenue, Phila., Pa.

[fol. 6616]

Joseph J. & Reynold H. Greenberg, Inc.	Architects Building, Phila., Pa.
Albert M. Greenfield & Co., Inc.	200 Bankers Security Bldg., Phila., Pa.
Albert J. Grosser	1518 Lewis Tower Bldg., Phila., Pa.
Samuel T. Hall	1506 Sansom Street, Phila., Pa.
Richard B. Herman & Co.	1700 Walnut Street, Phila., Pa.
Harold B. Hess & Co.	N. W. Cor. 16th & Locust Sts., Phila., Pa.
Heyer-Kemner, Inc.	Bustleton & Grant Aves., Phila., Pa.

Jackson-Cross Co.	914 Phila. National Bank Bldg., Phila., Pa.
J. T. Jackson Co.	Rising Sun Ave. & Roosevelt Bldg., Phila., Pa.
Lanard & Axilbund	914 Market St. National Bank Bldg., Phila., Pa.
William J. McCarter & Co.	Liberty Trust Bldg., Phila., Pa.
William I. Mirkil Co.	1616 Walnut Street, Phila., Pa.
C. J. Mitchell Co., Inc.	2047 Locust Street, Phila., Pa.
Strouse Greenberg & Co.	1525 Locust Street, Phila., Pa.

III. Some of the Pension and Profit-Sharing Funds which make mortgage loans in the Philadelphia area are:

Public School Employes' Retirement Fund of Commonwealth of Pennsylvania	Harrisburg, Pa.
State Employes' Retirement Fund of the Commonwealth of Pennsylvania	Harrisburg, Pa.
Amalgamated Association of Street, Electric, Railway & Motor Coach Employees of America	Washington, D.C.
Retirement System of Tennessee Valley Authority "Pension Trust"	New York, N. Y.
Gable Industries, Inc.—Profit Sharing Trust	Norristown, Pa
Electric Workers Benefit Association	1200 15th Street, N.W., Washington, D. C.
Delaware P. & L. Employees Pension Fund	Wilmington, Dal.
Custis Publishing Company—Pension Trust	Philadelphia, Pa.
The Reserve Fund of Grand Lodge Judiac Union, Inc.	Philadelphia, Pa.
National Council of Junior Order of United American Mechanics of U. S. of N. America	Philadelphia, Pa.

[fol. 6617]

Polish National Union of America	Scranton, Pa.
Board of Pensions of the United Lutheran Church in America	Philadelphia, Pa.
Polish Union of the U. S. of N. America	Wilkes Barre, Pa.
York Telephone Co., Division of General Telephone Co.—Pension Fund	York, Pa.
U. S. Steel Co.—Pension Fund	Pittsburgh, Pa.

[fol. 6618]

DEFENDANTS' EXHIBIT 66

Loans to Individuals

I

Geographical Distribution of Girard Trust Corn Exchange Bank's Loans to Individuals

Type of Loan:	Consumer Credit, and Other Installment Loans		Single Payment Loans to Individuals		Total	
	(000 omitted in following $ amounts)					
	$ Amount	%	$ Amount	%	$ Amount	%
Location of Borrower:						
Philadelphia	$ 20,098	36%	$ 39,039	58%	$ 59,137	48%
Bucks, Delaware & Montgomery Counties	9,817	18%	16,590	25%	26,407	22%
Total 4 Counties	29,915	54%	55,629	83%	85,544	70%
Rest of 10-County Area	898	2%	2,906	4%	3,804	3%
Rest of Third F.R.D.	13,819	25%	4,655	7%	18,474	15%
Northeast U. S. Outside 3rd F.R.D.	10,405	19%	2,643	4%	13,048	11%
Rest of U. S.	—	—	1,542	2%	1,542	1%
Foreign	—	—	—	—	—	—
Total	$ 55,037	100%	$ 67,375	100%	$122,412	100%

Source: Girard Trust's records. Figures as of September 21, 1960. Distribution of loans over $50,000 (aggregating $2,342,000 of installment loans and $31,763,000 of single payment loans), all mobile home loans (aggregating $4,790,000) and all prefabricated home loans (aggregating $14,020,000) was based on an exact count of all such loans. Distribution of all other loans was based on a sampling of such loans.

[fol. 6619]

Loans to Individuals

II

Geographical Distribution of Philadelphia National Bank's Loans to Individuals

Type of Loan:	Consumer Credit and Other Installment Loans $ Amount	%	Single Payment Loans to Individuals $ Amount	%	Total Loans to Individuals $ Amount	%
Location of Borrower:	(000 omitted in following $ amounts)					
Philadelphia	$10,258	18%	$6,635	33%	$16,893	22%
Bucks, Delaware & Montgomery Counties	31,897	57%	8,594	43%	40,491	53%
Total 4 Counties	42,155	75%	15,229	76%	57,384	75%
Rest of 10-County Area	5,830	10%	4,771	24%	10,601	14%
Outside 10-County Area	8,072	15%	—	—	8,072	11%
Total	$56,057	100%	$20,000	100%	$76,057	100%

Source: Phila. National's records. Figures as of September 21, 1960. Distribution of loans under $50,000 (being all of the consumer credit and other installment loans and $17,141,000 of the single payment loans to individuals) is based on a sampling of such loans.

[fol. 6620]

Loans to Individuals

III

Geographical Distribution of Defendants' Combined Loans to Individuals

(000 omitted in following $ amounts)

Location of Borrower:	Consumer Credit and Other Installment Loans $ Amount	%	Single Payment Loans to Individuals $ Amount	%	Total $ Amount	%
Philadelphia	$ 30,356	27%	$45,674	52%	$ 76,030	38%
Bucks, Delaware & Montgomery Counties	41,714	38%	25,184	29%	66,898	34%
Total 4 Counties	72,070	65%	70,858	81%	142,928	72%
Rest of 10-County Area	6,728	6%	7,677	9%	14,405	7%
Rest of Third F.R.D.	21,891	20%	4,655	5%	26,546	14%
Northeast U. S. Outside Third F.R.D	10,405	9%	2,643	3%	13,048	7%
Rest of U. S.	—	—	1,542	2%	1,542	nom.
Foreign	—	—	—	—	—	—
Total	$111,094	100%	$87,375	100%	$198,469	100%

Source: Tables I and II.

[fol. 6621] Loans to Individuals

IV

Institutions Other Than Commercial Banks Engaged In Making Consumer Credit and Other Loans to Individuals

A. Credit Unions

	No. of Institutions	Aggregate Loans Outstanding
Loans of state-chartered credit unions in Penna.[1]	125	$ 17,100,000
Loans of federal-chartered credit unions in Penna.[2]	980	115,500,000
Loans of state-chartered credit unions in New Jersey[3]	75	4,620,000
Loans of federal-chartered credit unions in New Jersey[2]	442	53,300,000
Loans of federal-chartered credit unions in Delaware[2]	33	3,600,000
Total	1,655	$198,000,000

Notes:

[1] As of 12/31/58; source, Report of the Sec'y of Banking, Com. of Pa., 12/31/59, p. 90. As of 12/31/60 there were 40 such unions in Bucks, Chester, Delaware, Montgomery and Philadelphia Counties. Figures supplied defendants by the Pennsylvania Department of Banking show that as of 12/31/60 such 40 union aggregated $11,147,851 of loans outstanding.

[2] As of 12/31/59; source, Federal Credit Unions, 1959 Report of Opinions U. S. Report of Health, Education and Welfare, p. 20.

[3] As of 12/31/59; source, Annual Report of Commissioner of Banking and Insurance, State of New Jersey, 1959, pp. 36–43. Sixteen of such unions aggregating $1,120,268 of such loans are in Gloucester, Mercer and Camden Counties.

Note:

State-wide figures are used because county figures are not available for federal unions.

[fol. 6622]

B. Small Loan Companies

	No. of Institutions	Aggregate Loans Outstanding
Loans of such companies in Philadelphia, Bucks, Delaware, Montgomery and Chester Counties, Pennsylvania[4]	282	$100,425,523
Loans of such companies in Mercer, Camden, Gloucester and Burlington Counties, New Jersey[5]	39	22,000,239
Loans of such companies in Delaware[6]	22	18,500,000
	343	$140,925,762

C. Consumer Discount Companies

Loans of such companies in Philadelphia, Bucks, Delaware, Montgomery and Chester Counties, Pennsylvania[4]	154	33,543,495
	497	$174,469,257

Notes:

[4] As of 12/31/60. Figures supplied defendants by Pennsylvania Department of Banking (published figures are on a state-wide basis only).

[5] As of 12/31/59. See Report, note 3 above, pp. 52–61.

[6] As of 6/30/60; source, Annual Report of the State Bank Commissioner of Delaware, 1960, p. 96.

[fol. 6623]

D. Sales Finance Companies:

1. With Headquarters in the Philadelphia Area:

Name and Location	Outstanding Receivables
Automobile Banking Corp., Philadelphia, Pa.	$ 21,748,000 (9/30/60)
Delaware Valley Finance Corp., Philadelphia, Pa.	3,999,191 (3/31/60)
Equitable Credit & Discount Co., Philadelphia, Pa.	35,134,000 (12/31/58)
Factors Credit Corp., Philadelphia, Pa.	19,583,000 (12/31/59)
Girard Discount Company, Upper Darby, Delaware Co., Pa.	8,518,000 (12/31/59)
Kennett Commercial Discount Service, Inc., Kennett Square, Chester Co., Pa.	797,761 (12/31/57)
National Industrial Credit Corp., Philadelphia, Pa.	26,000 (12/31/58)
Public Finance Service, Inc., Philadelphia, Pa.	13,094,000 (12/31/60)
Vehicle Supply Corp., Philadelphia, Pa.	27,954 (12/31/59)
	$102,927,906

2. Additional Sales Finance Companies with offices in the Philadelphia Area:

Names and Locations	Outstanding Receivables
Associates Investment Co., Upper Darby, Delaware Co., Pa.	$ 991,970,000 (12/31/59)
C.I.T. Corporation, Philadelphia, Pa.	2,202,193,000 (12/31/60)
Commercial Credit Corporation, Philadelphia, Pa. Norristown, Montgomery Co., Pa. Chester, Delaware Co., Pa.	1,907,060,000 (12/31/60)
General Acceptance Corp., Wynnewood, Montgomery Co., Pa.	170,521,000 (12/31/59)

[fol. 6624]

Names and Locations	Outstanding Receivables
General Motors Acceptance, Corp., Philadelphia, Pa. Wynnewood, Montgomery Co., Pa.	5,307,061,000 (12/31/60)
International Harvester Credit Co., Philadelphia, Pa.	178,232,548 (10/31/60)
Mack Trucks, Inc., Philadelphia, Pa.	129,226,322 (12/31/59)
Maryland Credit Finance Corp., Ardmore, Montgomery Co., Pa.	19,739,000 (9/30/60)
Seaboard Acceptance Corp., Philadelphia, Pa. Glenside, Montgomery Co., Pa. Norristown, Montgomery Co., Pa. Upper Darby, Delaware Co., Pa. Chester, Delaware Co., Pa. Morrisville, Bucks Co., Pa.	357,833,958 (9/30/60)
General Electric Credit Corp., Philadelphia, Pa.	368,535,558 (12/31/59)
Sears Roebuck Acceptance Corp., Wilmington, Delaware	460,279,000 (1/31/60)
	$12,092,651,386

3. Additional Sales Finance Companies with Offices in the Philadelphia Area for Which Figures are Not Available:

Commonwealth Financial Corp.,
Philadelphia, Pa.
Central Acceptance Corp.,
Pottstown, Montgomery Co., Pa.
Keystone Automobile Finance Co.,
Philadelphia, Pa.
Abbott Credit Co.,
Philadelphia, Pa.
Acceptance Finance Corp.,
Philadelphia, Pa.
Allied Discount Co.,
Philadelphia, Pa.
American Acceptance Co.,
Philadelphia, Pa.
Allegheny Credit Corp.,
Philadelphia, Pa.

Alliance Discount Corp.,
Philadelphia, Pa.
Joe Braun, Inc.,
Philadelphia, Pa.
Dealer Lease Plan,
Ardmore, Montgomery Co., Pa.
Equipment Credit & Discount Co.,
Pennsburg, Pa.
Ben J. Franks,
Philadelphia, Pa.
Heinel Motors,
Philadelphia, Pa.
Hime Credit Corp.,
Philadelphia, Pa.
Hime Investment Co.,
Philadelphia, Pa.

[fol. 6625]

Motor Finance Corp.,
Philadelphia, Pa.
Pennsylvania Acceptance Co.,
Philadelphia, Pa.
Penn State Credit Corp.,
Philadelphia, Pa.
Preferred Purchase Plan, Inc.,
Philadelphia, Pa.
Provident Acceptance Corp.,
Philadelphia, Pa.
Public Acceptance Corp.,
Philadelphia, Pa.
Marvin K. Serber,
Philadelphia, Pa.
Service Plan, Inc.,
Doylestown, Bucks Co., Pa.
Milton Stein,
Philadelphia, Pa.

Universal C.I.T. Credit Corp.,
Philadelphia, Pa.
Upper Darby, Delaware Co., Pa.
Chester, Delaware Co., Pa.
J. F. Horrigan Co.,
Pottstown, Montgomery Co., Pa.
Philber Equipment Corp.,
Pennsburg, Pa.
Pottstown Finance Co., Inc.,
Pottstown, Montgomery Co., Pa.
Gash-Stull Co.,
Chester, Delaware Co., Pa.
Industrial Credit Co. of Chester,
Chester, Delaware Co., Pa.
John P. Murdock,
Upper Darby, Delaware Co., Pa.
Philco Finance Corp.,
Philadelphia, Pa.

The companies listed above are by no means all, or even the greater part of, loan and sales finance companies doing an active business in Philadelphia and Delaware Valley.

Sources of figures above are the records of Girard Trust Corn Exchange Bank and Dun and Bradstreet Reports.

[fol. 6626]

Defendants' Exhibit 67.

Other Loans

Girard Trust Corn Exchange Bank

III

Geographical Distribution of Loans to Financial Institutions, to Purchase and Carry Securities, To Farmers and Miscellaneous Loans

	Loans to Domestic Banks $ Amount	%	Loans to Foreign Banks $ Amount	%	Loans to Other Financial Institutions $ Amount	%	Loans to Purchase or Carry Securities $ Amount	%	Loans to Farmers $ Amount	%	Miscellaneous Loans $ Amount	%
					(000 omitted in following $ amounts)							
Location of Borrower:												
Philadelphia	—	—	—	—	$ 5,678	20%	$ 4,217	25%	—	—	$ 2,592	22%
Bucks, Delaware & Montgomery Counties	—	—	—	—	1,025	4%	431	3%	5	6%	957	8%
Total 4 Counties	—	—	—	—	6,703	24%	4,648	28%	5	6%	3,549	30%
Rest of 10-County Area	$100	29%	—	—	2,489	9%	215	1%	34	44%	110	1%
Rest of 3rd F.R.D.	250	71%	—	—	2,980	11%	—	—	39	50%	205	2%
Northeast U. S. Outside 3rd F.R.D.	—	—	—	—	5,726	21%	12,003	71%	—	—	160	1%
Rest of U. S.	—	—	—	—	9,600	35%	—	—	—	—		
Foreign	—	—	$2,261	100%	—	—	—	—	—	—	7,848	66%
Total	$350	100%	$2,261	100%	$27,498	100%	$16,866	100%	$78	100%	$11,872	100%

Source: Girard Trust's records. Figures are as of September 21, 1960. Distribution of loans under $50,000 (aggregating $1,799,000 to foreign banks, $2,599,000 to other financial institutions, $1,193,000 to purchase or carry securities, $78,000 to farmers and $263,000 miscellaneous) is based on estimates by the bank's officers.

[fol. 6627]

Philadelphia National Bank

II

	Loans to Domestic Banks $ Amount	%	Loans to Foreign Banks $ Amount	%	Loans to Other Financial Institutions $ Amount	%	Loans to Purchase or Carry Securities $ Amount	%	Loans to Farmers $ Amount	%	Miscellaneous Loans $ Amount	%
Location of Borrower:												
Philadelphia	$1,602	16%	$ —	—	$2,440	5%	$1,093	7%	$ —	—	$7,198	31%
Bucks, Delaware & Montgomery Counties	110	1%	—	—	5,255	10%	599	4%	174	100%	2,924	13%
Total 4 Counties	1,712	17%	—	—	7,695	15%	1,692	11%	174	100%	10,122	44%
Rest of 10-County Area	—	—	—	—	2,885	6%	125	nom.	—	—	1,084	5%
Rest of Third F.R.D.	675	7%	—	—	629	1%	—	—	—	—	1,373	6%
Northeast U. S. Outside Third F.R.D.	7,377	75%	—	—	20,107	39%	14,800	89%	—	—	2,100	9%
Rest of U. S.	58	1%	—	—	20,367	39%	—	—	—	—	202	1%
Foreign	—	—	12,659	100%	—	—	—	—	—	—	8,028	35%
Total	$9,822	100%	$12,659	100%	$51,683	100%	$16,617	100%	$174	100%	$22,909	100%

Source: Philadelphia National's records. Figures are as of September 21, 1960. Distribution of loans under $50,000 (aggregating $806,000 to purchase or carry securities, $174,000 to farmers and $3,635,000 miscellaneous) has been made on the basis of estimates by the bank's officers.

[fol. 6628]

Combined

III

	Loans to Domestic Banks $ Amount	%	Loans to Foreign Banks $ Amount	%	Loans to Other Financial Institutions $ Amount	%	Loans to Purchase or Carry Securities $ Amount	%	Loans to Farmers $ Amount	%	Miscellaneous Loans $ Amount	%
Location of Borrower:												
Philadelphia	$1,602	16%	$ —	—	$ 8,118	10%	$ 5,310	16%	$ —	—	$ 9,790	28%
Bucks, Delaware & Montgomery Counties	110	1%	—	—	6,280	8%	1,030	3%	179	71%	3,881	11%
Total 4 Counties	1,712	17%	—	—	14,398	18%	6,340	19%	179	71%	13,671	39%
Rest of 10-County Area	100	1%	—	—	5,374	7%	340	1%	34	13%	1,194	3%
Rest of Third F.R.D.	925	9%	—	—	3,609	5%	—	—	39	16%	1,578	5%
Northeast U. S. Outside Third F.R.D.	7,377	73%	—	—	25,833	32%	26,803	80%	—	—	2,260	6%
Rest of U. S.	58	nom.	—	—	29,967	38%	—	—	—	—	202	1%
Foreign	—	—	14,920	100%	—	—	—	—	—	—	15,876	46%
Total	$10,172	100%	$14,920	100%	$79,181	100%	$33,483	100%	$252	100%	$34,781	100%

Source: Tables I and II.

[fol. 6629]

Defendants' Exhibit 68

Lines of Credit

I

Geographical Distribution of Defendants' Lines of Credit

Location of Customer:	Philadelphia National Bank $ Amount	%	Girard Trust Corn Exchange Bank $ Amount	%	Combined $ Amount	%
	(000 omitted in following $ amounts)					
Philadelphia	$317,487	33%	$286,071	52%	$ 603,558	40%
Bucks, Delaware & Montgomery Counties	77,110	8%	53,894	10%	131,004	9%
Total 4 Counties	394,597	41%	339,965	62%	734,562	49%
Rest of 10-County Area	71,675	8%	18,189	3%	89,864	6%
Rest of Third F.R.D.	51,265	5%	42,835	8%	94,100	6%
Northeast U.S. Outside Third F.R.D.	209,789	22%	63,883	12%	273,672	18%
Rest of U.S.	148,326	16%	55,925	10%	204,251	14%
Foreign	77,755	8%	29,465	5%	107,220	7%
Total	$953,407	100%	$550,262	100%	$1,503,669	100%

Source: Defendants' records. Figures are as of September 21, 1960 and include commitments. Distribution of lines under $50,000 (aggregating $1,248,000 for Philadelphia National and $3,915,000 for Girard) is based on estimates by officers of the respective banks.

[fol. 6630]

Defendants' Exhibit 69

Personal Trusts

I

Distribution of Estates Between Individual and Corporate Executors

A. The following table sets forth such distribution for estates of $50,000 and over in Philadelphia County during the period 1957 through 1959, both inclusive:

	No.	% of Total	Amount	% of Total
Individual Executorships	817	63.6%	$138,550,190	51.7%
Corporate Executorships	395	30.7%	119,218,357	44.5%
Intestacies	73	5.7%	10,306,469	3.8%
Total	1,285	100.0%	$268,075,016	100.0%

B. The following table sets forth such distribution for estates of $100,000 and over in Philadelphia County during the period 1956 through 1959, both inclusive:

	No.	% of Total	Amount	% of Total
Individual Executorships	520	58.0%	$165,966,203	51.4%
Corporate Executorships	330	36.8%	146,519,545	45.4%
Intestacies	46	5.2%	10,490,817	3.2%
Total	896	100.0%	$322,976,565	100.0%

Source: Trust Market Surveys conducted by Kennedy-Sinclaire, Inc., Montclair, New Jersey.

[fol. 6631]

II

Trust Companies in the Philadelphia Area (by location of main office)

A. Companies the value of whose personal trust assets has ~~been obtained~~:

	Approximate Aggregate Value of Personal Trust Assets
Pennsylvania	
Philadelphia County	
Girard Trust Corn Exchange Bank	$2,248,206,000 [1]
The First Pennsylvania Banking and Trust Company	3,260,000,000 [2]
Provident Tradesmens Bank and Trust Company	1,340,000,000 [2]
Fidelity-Philadelphia Trust Company	1,850,000,000 [2]
The Philadelphia National Bank	361,300,000 [1]
Central-Penn National Bank of Philadelphia	77,000,000 [2]
Frankford Trust Company	10,729,705 [4]
Industrial Trust Company	11,951,857 [4]
Liberty Real Estate Bank and Trust Company	225,000,000 [3]
Second National Bank of Philadelphia	12,182,898 [4]
Bucks County	
Doylestown Trust Company	14,500,000 [6]
First National Bank and Trust Co., Newtown	4,618,229 [4]
Bucks County Bank and Trust Company, Perkasie	7,462,000 [6]
Chester County	
National Bank of Chester Valley, Coatesville	4,598,000 [6]
National Bank and Trust Co. of Kenaett Square	2,114,000 [6]
Farmers and Mechanics National Bank of Phoenixville	2,665,000 [6]
National Bank of Chester County and Trust Co., West Chester	16,506,847 [4]
Montgomery County	
Bryn Mawr Trust Company	22,051,596 [4]
Jenkintown Bank and Trust Company	17,632,168 [4]
Montgomery County Bank and Trust Co., Norristown	79,138,776 [5]
Security Trust Company of Pottstown	5,620,000 [6]
Union National Bank and Trust Co., Soudertown	2,672,337 [4]
New Jersey	
Burlington County	
Burlington County Trust Company, Moorestown	13,749,000 [4]
Union National Bank & Trust Company at Mt. Holly	3,780,000 [7]

[fol. 6632]

Gloucester County	
First County Nat'l Bank & Trust Company of Woodbury	8,400,000 [4]
Mercer County	
Princeton Bank and Trust Company	60,000,000 [6]
Total	$9,661,878,413

[1] Application, p. 117 (Ex. G-41).
[2] Application, p. 136 (Ex. G-43).
[3] Bank's Annual Report, 1958.
[4] Bank's Annual Report, 1960.
[5] Bank's Quarterly Report, 3/31/61.
[6] Moody's Bank and Finance Manual, 1961, giving 1960 figures.
[7] Moody's Bank and Finance Manual, 1960, giving 1959 figures.

[fol. 6633]

B. Other Companies in the Philadelphia area the value of whose personal trust assets cannot be ascertained:

Pennsylvania

Philadelphia County
Broad Street Trust Company

Bucks County
The Doylestown National Bank and Trust Company

Chester County
National Bank of Coatesville
The First National Bank of Honey Brook
The National Bank of Malvern
Phoenixville Trust Company
The First National Bank of West Chester
National Bank and Trust Co. of West Grove

Delaware County
Delaware County National Bank, Chester

Montgomery County
Bridgeport National Bank
Harleysville National Bank and Trust Co.
Peoples National Bank and Trust Co. of Norristown
National Bank and Trust Co. of Schwenksville

New Jersey

Burlington County
First National Bank and Trust Company of Beverly
Burlington Bank and Trust Company
Mechanics National Bank of Burlington
The Burlington County National Bank of Medford
The Farmers Trust Company, Mt. Holly
The Peoples National Bank of Pemberton
First National Bank of Riverside
Riverside Trust Company
First National Bank and Trust Company of Roebling

Camden County
First Camden National Bank and Trust Company
Camden Trust Company
Haddonfield National Bank
Merchantville National Bank and Trust Company

Gloucester County
First National Bank and Trust Company of Paulsboro
Pitman National Bank and Trust Company
Swedesboro Trust Company

[fol. 6634]

Mercer County
First National Bank of Princeton
First Trenton National Bank
Trenton Trust Company

Delaware

New Castle County
Farmers Bank of the State of Delaware
Wilmington Trust Company
Bank of Delaware
Delaware Trust Company
Townsend Trust Company
Peoples Bank and Trust Company

[fol. 6635]

III

Geographical Source of Defendants' Personal Trust Business (by Number of Accounts)

Girard Trust Corn Exchange Bank

	Ex'r. and Adm'r.	Trusts Under Deed	Trusts Under Will	Guardian	Active Life Ins. Trusts	Cemetery Trusts	Inactive Life Ins. Trusts	Investment Advisory	Custodian Accounts	Pension & Prof. Sh.	Total
10-County Area											
Pennsylvania											
Philadelphia	153	832	1,512	174	105	457	375	132	231	256	4,227
Montgomery	69	517	486	47	93	7	493	36	116	42	1,906
Delaware	28	168	227	14	25	7	349	100	38	17	973
Chester	9	114	66	8	12	0	49	0	22	6	286
Bucks	4	35	45	0	13	7	35	28	1	5	173
Total	263	1,666	2,336	243	248	478	1,301	296	408	326	7,565
New Jersey											
Mercer	0	13	2	0	0	0	3	6	2	2	28
Burlington	3	26	16	0	0	0	33	3	1	3	85
Camden	3	44	14	0	5	0	45	6	3	6	126
Gloucester	1	25	7	0	0	1	24	0	0	2	60
Total	7	108	39	0	5	1	105	15	6	13	299
Delaware											
New Castle	0	31	2	0	0	0	1	3	1	0	38
Total 10-County Area	270	1,805	2,377	243	253	479	1,407	314	415	339	7,902

Girard Trust Corn Exchange Bank

[fol. 6636]

	Ex'r. and Adm'r.	Trusts Under Deed	Trusts Under Will	Guardian	Active Life Ins. Trusts	Cemetery Trusts	Inactive Life Ins. Trusts	Investment Advisory	Custodian Accounts	Pension & Prof. Sh.	Total
U. S. Outside 10-County Area											
Pennsylvania	11	194	181	3	41	8	135	58	48	56	735
New Jersey	24	107	89	0	14	0	106	17	20	6	383
Delaware	0	0	2	0	0	0	0	0	2	0	4
Alabama		4	2				1				7
Arizona		7	1				1	1			10
Alaska		3							1		4
California		43	1				1	4	4	2	56
Connecticut		35	4				2	4	8		53
Colorado		3									3
District of Columbia	5	25	7		4			4	7		52
Florida		56	14				4	9	13		96
Georgia		7	1					1			9
Iowa		5									5
Illinois		4			1		2	1	2	2	12
Idaho		3									3
Indiana		7					1	1			9
Kentucky		7	2				2				11
Kansas							1	2	2		5
Massachusetts	1	25	3					2	7		38
Maryland	1	27	5				3	4	6	5	51
Maine		14	17					4	5		40
Michigan		6			2		2		1		11
Minnesota		3						1			4
Montana		3									3
Missouri		3									3
New York	1	100	23		3		4	15	24	2	172
North Carolina		8					1	3			12

[fol. 6637]

New Mexico		9						1			10
New Hampshire		7					1		2		10
Nevada		11									11
Ohio		62	1				2		14		79
Oklahoma		3									3
Oregon		3									3
Rhode Island	3	27	3	4			1		6		44
South Carolina		3	1				1				5
Texas		8									8
Virginia		32	2					5	3	5	47
Vermont		5						2	1		8
Tennessee		12	1				1	2			16
Washington		10						3	2		15
West Virginia		24	2				1	3	2		32
Wyoming		3						1			4
Wisconsin		6					1	2			9
Hawaii		6									6
Total U. S. Outside 10-County Area	46	930	362	7	65	8	274	150	180	78	2,100
Foreign											
Africa									1		1
Asia Minor		1									1
Belgium		1									1
Bahamas									1		1
Cuba								1			1
Canada		2						1	1		4
China		1									1

Girard Trust Corn Exchange Bank

[fol.6638]

	Ex'r. and Adm'r.	Trusts Under Deed	Trusts Under Will	Guardian	Active Life Ins. Trusts	Cemetery Trusts	Inactive Life Ins. Trusts	Investment Advisory	Custodian Accounts	Pension & Prof. Sh.	Total
Egypt		3									3
England		10	1					5	2		18
France		5	1					4	3		13
Germany			1								1
Holland		1									1
Italy		2						1	2		5
Iran		1									1
India		1									1
Ireland			1						1		2
Monaco		1									1
Panama		2									2
Puerto Rico		1									1
Switzerland		2							3		5
Thailand								1	1		2
Foreign Totals	0	34	4	0	0	0	0	13	15	0	66
Grand Total	316	2,769	2,743	250	318	487	1,681	477	610	417	10,068
Aggregate $ Value (000 omitted)	$84,644	$774,812	$572,391	$6,986	$27,790	$738	—	$166,032	$506,905	$107,908	$2,248,206

Note: Aggregate $ values are as of June 30, 1960 as stated in defendants' Application to the Comptroller of the Currency (p. 117). Numbers of Accounts are given as of March 31, 1961 (the differences between such figures and those appearing in the Application arise from the difference in the date and from the inclusion here of inactive life insurance trusts).

[fol. 6639]

The Philadelphia National Bank

	Executor and Administrator	Trusts Under Deed	Trusts Under Will	Guardian	Cemetery Trusts	Investment M'ment.	Custodian Accts.	Pension & Profit Sharing	Consultation	Misc.	Total
10 County Area											
Pennsylvania											
Philadelphia	36	260	156	28	5	32	70	48	1	374	1,010
Montgomery	56	93	170	116	88	13	20	16	0	120	692
Delaware	18	113	111	102	72	4	12	6	0	68	506
Chester	3	0	0	5	0	0	2	1	0	0	11
Bucks	9	21	42	61	31	12	0	4	0	45	225
Total	122	487	479	312	196	61	104	75	1	607	2,444
New Jersey											
Mercer	0	4	1	0	0	0	0	7	0	0	12
Burlington	1	0	0	0	0	0	1	2	0	0	4
Camden	0	1	0	0	0	0	4	5	0	0	10
Gloucester	0	0	0	0	0	0	0	0	0	0	0
Total	1	5	1	0	0	0	5	14	0	0	26
Delaware											
New Castle	0	1	0	0	0	0	1	0	0	0	2
Total 10-County Area	123	493	480	312	196	61	110	89	1	607	2,472
U. S. Outside 10-County Area											
Pennsylvania	1	4	0	1	0	3	37	8	1	0	55
New Jersey	2	4	2	0	0	2	2	2	0	0	14
Delaware	0	0	0	0	0	0	0	4	0	0	4
California	0	2	0	0	0	0	2	0	0	0	4
Connecticut	0	0	0	0	0	0	1	0	0	0	1
Dist. Columbia	0	0	0	0	0	1	1	0	0	0	2
Florida	0	8	0	0	0	0	3	0	0	0	11

The Philadelphia National Bank

[fol. 6640]

	Executor and Adminis-trator	Trusts Under Deed	Trusts Under Will	Guardian	Ceme-tery Trusts	Invest-ment M'ment.	Custodian Accts.	Pension & Profit Sharing	Consul-tation	Misc.	Total
Maryland	0	4	0	0	0	0	1	0	0	0	5
Massachusetts	0	0	0	0	0	1	0	0	0	0	1
New York	1	2	0	0	0	1	0	0	0	1	5
Texas	0	0	0	1	0	0	0	0	0	0	1
Washington	0	1	0	0	0	0	0	0	0	0	1
Wisconsin	0	0	0	0	0	0	1	0	0	0	1
Total U. S. Outside 10 Counties	4	25	2	2	0	8	48	14	1	1	105
Foreign											
Belgium							1				1
Brazil		2									2
Canada		1									1
England							1				1
Holland							1				1
Spain							1				1
Sweden							1				1
Switzerland							1				1
Uruguay							2				2
Venezuela		1									1
Total Foreign	0	4	0	0	0	0	8	0	0	0	12
Grand Total	127	522	482	314	196	60	166	103	2	608	2,589
Aggregate $ Value (000 omitted)	$26,700	$68,560	$34,700	$9,500	$140	$14,800	$175,400	$28,200	$2,700	$600	$361,300

Note: Aggregate $ values are as of June 30, 1960, as stated in defendants' Application to the Comptroller of the Currency (p. 117). Numbers of Accounts are given as of March 20, 1961 (the differences between such figures and those appearing in the Application arise from the difference in the date).

[fol. 6641] DEFENDANTS' EXHIBIT 70

The following figures have been submitted to me by our Proof and Transit Departments and represent the daily average for one typical week during the month of May 1961.

Volume of Check Clearances

	#	%	$ (Millions)	%
Drawn on:				
Philadelphia Banks (other than PNB)............	137,189	26.9%	$ 32.221	21.9%
Banks in Third Federal Reserve District.......	165,209	32.3	26.928	18.3
Other Banks throughout the Country...........	180,228	35.3	59.532	40.4
Philadelphia National Bank..................	27,951	5.5	28.600	19.4
Total Checks Cleared	510,577	100.0%	$147.281	100.0%

G. Edward Cooper, Senior Vice President.

July 31, 1961

[fol. 6642] IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action No. 29287

[Title omitted]

PLAINTIFF'S PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW—Filed September 22, 1961

[File endorsement omitted.]

[fol. 6643]

INDEX

[fol. 6646]

INTRODUCTORY STATEMENT

Each of the proposed Findings of Fact is separately numbered. Each Finding of Fact is annotated by reference to exhibits or testimony in the record.

Government exhibits are denominated "Ex. G–". Defendants' exhibits, whether of The Philadelphia National Bank or of Girard Trust Corn Exchange Bank, are denominated "Ex. D–".

In view of the volume of sources of proof available for a number of the proposed Findings, not all record references supporting each particular requested Finding have been given. Only those which are deemed sufficient to prove the point are listed. Where no proof is deemed necessary, none is given.

DEFINITIONS

Commercial Bank

A commercial bank is a financial institution authorized to receive and create demand deposits and to receive time deposits, to make loans of various types, to engage in trust services and other fiduciary functions, to issue letters of credit, accept and pay drafts, to rent safety deposit boxes to customers and to engage in many similar activities.

Correspondent Bank

A correspondent bank is one which performs a variety of services for another bank in exchange for deposits which such other bank places in the correspondent bank.

Deposits

1. *Demand Deposits*

Funds received or created by a commercial bank subject to immediate withdrawal. They constitute the largest element in the money supply of the United States. No interest is paid on demand deposits.

2. *Time and Savings Deposits*

Savings deposits are funds that commercial banks are not required to pay on demand. They are divided into three classes by the Federal Reserve Board, *viz.,* (1) Savings Deposits, (2) Time Certificates of Deposit, and (3) Time Deposits, open account. Interest is paid on savings deposits and some time deposits.

3. *IPC Deposits*

IPC deposits (either Demand or Time) refer to deposits of individuals, partnerships and corporations, as distinguished from deposits of governmental agen-

cies and banks. IPC deposits are the most important of a bank's deposits.

Loans

1. *Commercial and industrial*

Those loans made by a commercial bank to business and industry, whether large or small. This is the most important loan category of most commercial banks.

2. *Loans to individuals*

(a) *Installment*

Loans to individuals usually for purchases of consumer goods, home modernization and similar purposes, payable at regular intervals, usually monthly, over certain periods of time.

(b) *Single payment*

Generally a short term loan obtained by an individual generally for consumption purposes in form not materially different from commercial and industrial loans. [Direct installment loans are those made directly to an ultimate borrower for the purchase of consumer goods. Indirect installment loans are made by discounting, with or without recourse to the dealer, notes initially made by a consumer to a retail dealer.]

3. *Real estate loans*

Long term loans secured by mortgage on real estate.

Lending limit

Lending limit is the maximum amount a commercial bank may generally lend to one customer. The lending limit for a national bank and for state banks in many states, including Pennsylvania, is ten per cent of the combined capital and surplus of the bank.

Participation

The sharing of a loan by two or more banks.

[fol. 6652]

I. JURISDICTION

(1) This is an action by the United States under Section 4 of the Sherman Act and Section 15 of the Clayton Act.

(2) Defendant Philadelphia National Bank (PNB) is a banking association organized under the laws of the United States with its principal place of business at Philadelphia, Pennsylvania. Ans. Par. 3

(3) Defendant Girard Trust Corn Exchange Bank (Girard) is a banking association organized under the laws of the State of Pennsylvania with its principal place of business at Philadelphia, Pennsylvania. Ans. Par. 4

(4) Both defendants are engaged in interstate commerce. Tr. p. 34

(5) PNB is engaged in interstate commerce. It receives substantial amounts of deposits from sources in foreign countries and in states other than Pennsylvania, and makes substantial amounts of loans to borrowers in such other states and in foreign countries and conducts other banking business with customers in other states. In effecting these transactions it utilizes the United States mails, telephone and telegraph. Tr. 34 Ex. G-67 Ex. G-68 Ex. D-70 Ex. D-60 Ex. D-63

Tr. 34
Ex. G-69
Ex. D-60
Ex. D-63

(6) Girard is engaged in interstate commerce. It receives substantial amounts of deposits from sources in foreign countries and in states other than Pennsylvania, and makes substantial amounts of loans to borrowers in such other states and in foreign countries and conducts other banking business with customers in other states. In effecting these transactions it utilizes the United States mails, telephone and telegraph.

II. DEFENDANTS

A. Philadelphia National Bank

Ex. G-57

(7) The Philadelphia National Bank was chartered on October 20, 1864 under an act of Congress of June 3, 1864. It merged in 1926 with Girard National Bank. At that time these banks were the first and fourth largest banks, respectively, in Philadelphia. In 1928 it merged with Franklin Fourth Street National Bank. It remained as a wholesale bank until 1951 when a decision was made to enter the retail banking and trust fields. Since 1951 PNB has acquired nine banks. In so doing it has acquired $42,078,000 in loans, $172,968,000 in deposits, and 18 offices.

(8) As of March 10, 1961, PNB conducted a general commercial banking business through 27 offices, 10 of which were located in Philadelphia, five in Delaware

County, five in Bucks County, and seven in Montgomery County. During the trial PNB opened another office in Philadelphia. PNB Ans. Par. 8 Worstall, Tr. 1070 Ex. G-57

(9) Defendant PNB, as of June 30, 1960, had total assets of $1,086,147,170, total deposits of $946,306,784, and total loans of $523,612,316. Approximately 57% of these loans were in the commercial and industrial category. PNB Ans. Par. 8

(10) According to its 1960 annual report to stockholders, PNB had a very substantial growth in deposits, loans and net earnings per share in the period 1950–1960. It had also increased the scope of its services. MacLaren, Tr. 2529–2530

(11) The financial history of PNB is excellent; the bank's capital position is adequate; the future earnings prospects of the bank are good, and the bank's general management is good. Potts, Tr. 1491

B. Girard Trust Corn Exchange Bank

(12) Girard Trust Corn Exchange Bank began business in 1835. Girard was primarily engaged in the trust business and accompanying banking services until 1940 when efforts were begun to develop commercial business and consumer credit loans. Until 1950 Girard had only one office. By the end of 1950 its deposits totaled $216,-000,000, its capital funds were $19,000,000 and its personal trust assets had an esti- Ex. G-57

mated market value of one billion dollars. In the past ten years Girard has engaged in six mergers, by which it acquired $142,-318,000 in loans, $412,784,000 in deposits, and 32 offices.

Girard Ans. Par. 9 Ex. G-57

(13) Defendant Girard conducts a general commercial banking business through 38 offices of which twenty are located in Philadelphia, twelve in Delaware County, and six in Montgomery County.

Girard Ans. Par. 9

(14) Defendant Girard, as of June 30, 1960, had total net assets of $740,920,000, total net deposits of $650,790,000 and total net loans of $399,362,000. Approximately 49% of these loans were in the commercial and industrial category.

Brown, Tr. 3803; Potts, Tr. 1360

(15) Girard has able and sound management, and its financial condition is strong.

MacLaren, Tr. 2531, 2533, 2535, 2539

(16) In the period December 31, 1951 to December 31, 1960, the deposits of PNB increased by 29 per cent and the deposits of Girard increased by 38 per cent. This percentage increase for Girard is in addition to the increase attributable to the merger of The Girard Trust Company and the Corn Exchange National Bank, which had been completed in June, 1951.

(17) (This number not used.)

[fol. 6656]

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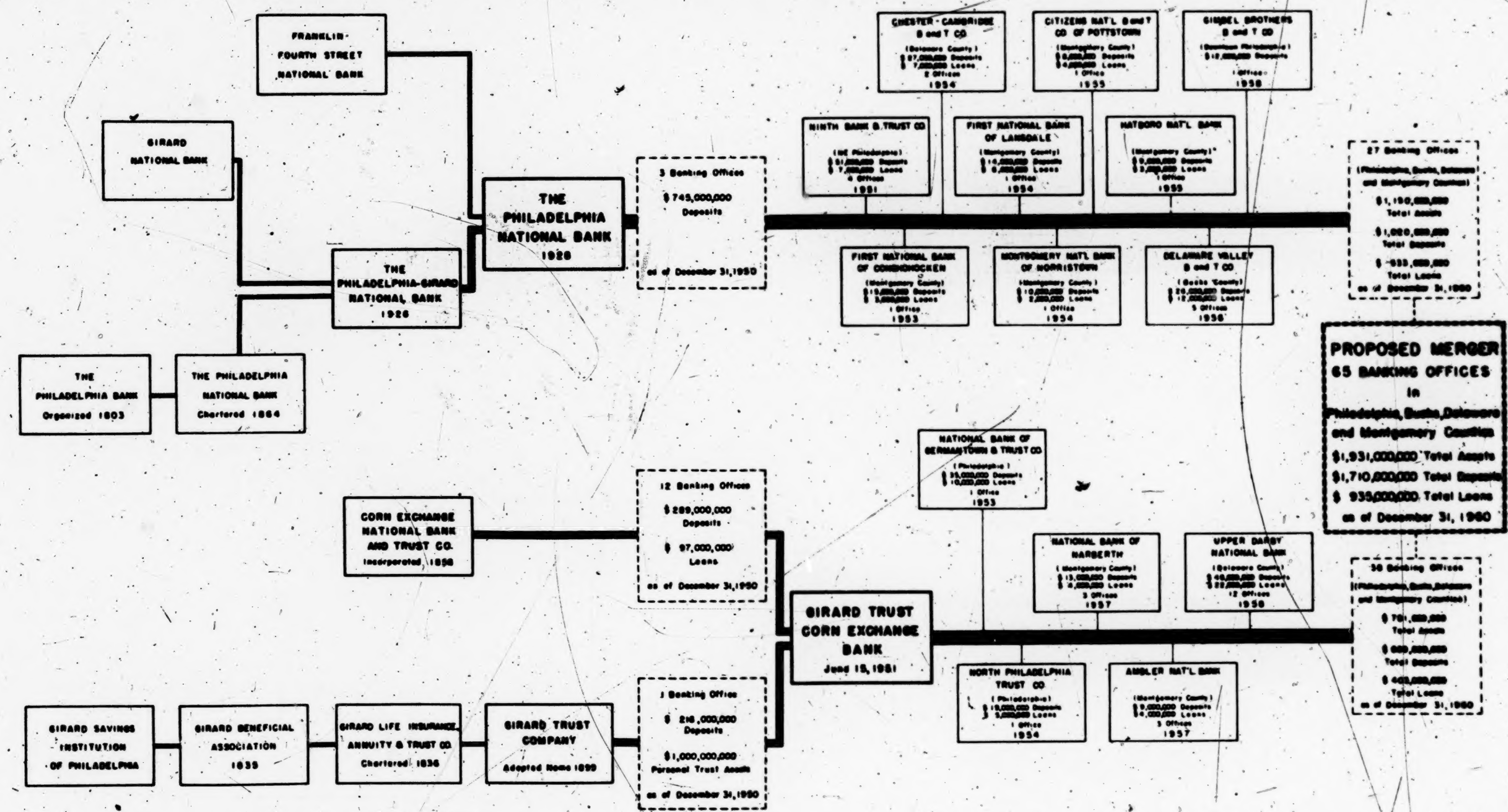
Chart I

FINANCIAL HISTORY OF THE PHILADELPHIA NATIONAL BANK AND GIRARD TRUST CORN EXCHANGE BANK

Showing All Acquisitions Since 1950 and Total Offices, Assets, Deposits and Loans of Proposed Merger



III. The Proposed Merger

(18) Merger of PNB and Girard was first discussed in the spring of 1956 but these discussions were discontinued in the summer because a fair basis of exchange of shares could not be determined, and also to allow both banks to work out operating problems resulting from prior mergers. Potts, Tr. 1333, 1334, 1338 Ex. G-57, p. 12

(19) The discussions were initiated simultaneously by Geoffrey Smith, then president and now chairman of Girard, and Frederic A. Potts, president of PNB. Potts, Tr. 1333

(20) Merger discussions between PNB and Girard were resumed in April 1960 by Geoffrey Smith, chairman of the board of Girard, and Frederick A. Potts, president of PNB. Potts, Tr. 1339

(21) By November 1, 1960, representatives of the two banks had agreed on the basis for an exchange of shares. Potts, Tr. 1339

(22) The proposal that the defendant banks merge was presented to the boards of directors of the respective banks on November 15, 1960, and was approved. On the same day the application was filed with the Comptroller of the Currency in Washington, D.C. Ex. G-57 Ex. G-117 Ex. G-118 Potts, Tr. 1388-1389 Brown, Tr. 3785

PNB Ans. Par. 16 Girard Ans. Par. 16 (23) On December 20, 1960, the boards of directors of the defendant banks approved a form of agreement of merger, and on the same date the agreement of merger was duly executed by the appropriate officers of the defendants.

Ex. G-117 Ex. G-119, § 6 (24) PNB shareholders will retain the number of shares presently held and the shareholders of Girard will receive 1.2875 shares in the merged bank for each share of Girard stock presently held.

Ex. G-119, §§ 1 & 5 (25) The Agreement of Consolidation provides, *inter alia*, that the consolidation be under the charter of the Philadelphia National Bank "which shall continue after the effective date of the consolidation . . ."; "[T]he corporate existence of Girard shall be merged into and continued in Philadelphia National, which shall continue in existence as the Association, and the Association shall be deemed to be the same corporation as each of the Consolidating Banks."

§ 6 "(a) Each of the 2,667,812 full shares of Philadelphia National shall remain outstanding as one share of the capital stock of the Association, and the holders thereof shall retain their present rights therein; and the remaining one-half share of Philadelphia National shall be surrendered (but not canceled) and held pending action . . .

"(b) Each of the 1,591,875 shares of Girard presently outstanding shall be converted into 1.2875 of the capital stock of the Association; . . .

"No certificates (whether share or scrip certificates) representing fractional shares in the Association shall be issued, but: (i) each holder of an outstanding certificate representing shares of Philadelphia National stock shall retain his certificate, which shall automatically remain a certificate representing shares of stock in the Association, except that the holder of any certificate representing a fractional share shall surrender the same to the Association promptly after the Effective Date and have the election, in order to round out the number of shares held to a whole share, to enter an order on order form to be provided for such holder, either for the purchase of an additional fractional share interest or for the sale of the existing fractional share interest, and (ii) each holder of an outstanding certificate representing shares of Girard stock shall surrender the same to the Association promptly after the Effective Date and receive in exchange therefor certificates representing the full number of whole shares of stock in the association to which such shares of stock in Girard shall have been converted, and such holder of Girard stock shall, as to any fractional in-

terest in shares of the Association to which he is entitled, have the election, in order to round out the number of shares held to a whole share, to enter an order on order form to be provided for such holder, either for the purchase of an additional fractional share interest or for the sale of the existing fractional share interest."

Ex. G-161
Ex. G-162
Ex. G-163

(26) Pursuant to the provisions of Section 18(c) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1828(c)), the Comptroller of the Currency requested and received reports concerning the competitive factors involved in the proposed merger from the Board of Governors of the Federal Reserve System, the Attorney General, and the Federal Deposit Insurance Corporation.

Ex. D-14

(27) The Comptroller of the Currency approved the proposed merger on February 24, 1961.

(28) The complaint in this action was filed on February 25, 1961.

IV. TRADE AND COMMERCE

A. Commercial banking as an institution

Harris. Tr. 2286-87

(29) The major functions of commercial banks are creation of demand deposits and lending to individuals, partnerships, corporations, and other borrowers. They also receive and administer time and savings deposits, engage in trust functions, foreign

exchange activities, financing imports and exports, supplying of currency to the public, safe-deposit activities, and some other activities.

(30) Factors common to commercial banks throughout the country include the acceptance of deposits and the investment of those deposits in relatively short term self-liquidating loans and in high grade bonds that have a ready market, in part to maintain the necessary liquidity. Harding, Tr. 1004

(31) Commercial banks in the United States receive and create demand deposits and thereby have the power to create a large proportion of the current, circulating medium of exchange, that is, demand deposit credits. Harris, Tr. 2286 Smith, Tr. 484 Clarke, Tr. 355

(32) Commercial banks are the only financial institutions in the United States authorized to receive demand deposits. Harris, Tr. 2287 Brumbaugh, Tr. 650 Smith, Tr. 450–451

(33) (This number not used.)

(34) Commercial banks do not care to make a term loan for more than five years since they must maintain high liquidity in order to meet potential withdrawals of demand deposits. Brown, Tr. 3833–3834 MacMillen, Tr. 1221 Taylor, Tr. 1283 Brumbaugh, Tr. 652 Clarke, Tr. 359

(35) One of the factors inducing customers of commercial banks to finance their purchases of consumer items through their bank is the fact that the commercial bank also performs other financial services for the customers. Harris, Tr. 2349

Brumbaugh, Tr. 651-653

(36) Business must rely on commercial banks for business transactions and their needs cannot be fulfilled by any other type of financial institution.

Clarke, Tr. 389
Forlines, Tr. 404
Smith, Tr. 604

(37) No other financial institution can provide all the services, including demand deposit and commercial loan services, provided by commercial banks.

Smith, Tr. 458

(38) Commercial banks not only engage in a broader area of lending activities than any other financial institution, they also specialize in certain areas, including commercial loans to businesses and certain aspects of financing of consumers, in which other institutions do not operate to any great extent.

Smith, Tr. 475

(39) The Federal Reserve System controls the volume of credit in the country by establishing the percentage of their deposits which member banks must maintain as reserves, by raising or lowering the discount rate at which member banks borrow from the Federal Reserve, and by buying or selling United States Government securities in the open market.

Smith, Tr. 460

(40) Commercial banks which are members of the Federal Reserve System at present must maintain on deposit with the Federal Reserve Bank or in currency in their own bank reserves of 16.5 per cent of their demand deposits if they are central reserve cities or reserve cities and reserves

of 12 per cent if they are so-called country banks.

(41) Banks in the Philadelphia area which are not members of the Federal Reserve System may count only a portion of their deposits with correspondent banks toward the reserves they are required to maintain behind their own deposits. Members of the Federal Reserve System must keep their reserves in their own bank or in the Federal Reserve Bank. Smith. Tr. 460; 604

(42) Commercial banks sometimes move into a reserve deficiency position by making loans which reduce their reserves below the legal minimum. In such cases banks may within limits raise their reserves above the minimum by borrowing from Federal Reserve Banks or from correspondent banks and by liquidating short-term securities or by calling demand loans. Harris Tr. 2432-2434

(43) Commercial banks are subject to special governmental regulations to insure that depositors are safeguarded and also to control the total volume of credit in the country, which may vary according to the lending practices of commercial banks. Brown, Tr. 2572 Clark, Tr. 372-375 Smith, Tr. 450-451

(44) In order to protect depositors in commercial banks from losses due to insolvency of the bank, there are regulations over the amount a bank can lend to any one customer, prohibitions on investment in corporate stock or in bonds which are not Smith, Tr. 513

of the highest grade, and many other regulations designed to protect the depositor against loss.

Forlines, Tr. 398-399

(45) Commercial banks throughout the United States which are members of the Federal Deposit Insurance Corporation are required to comply with all the rules and regulations of the corporation in the conduct of their business.

Smith, Tr. 606

(46) Ninety-seven per cent of the commercial banks in the United States holding 99 per cent of commercial bank deposits are insured and therefore regulated in part by the Federal Deposit Insurance Corporation. Virtually all Philadelphia banks including PNB and Girard are insured by the FDIC.

Worstall, Tr. 1063

(47) National banks and state banks do a comparable general commercial business.

Forlines, Tr. 398

(48) The many regulations imposed on commercial banks by law and by supervisory authorities chart the general lines along which commercial banks may operate and still leave a broad area in which the management of each bank may apply its own judgment.

B. Unique features of commercial banks

1. Demand deposits

Harris, Tr. 2287
Smith, Tr. 484
Brumbaugh, Tr. 650

(49) Commercial banks are the only financial institutions in the United States authorized to receive demand deposits.

(50) (This number not used.)

(51) The total money supply includes all commercial bank demand deposits adjusted, plus the amount of currency which is outside of banks and held by the general public. At the end of 1960 approximately 80 per cent of the money supply of the United States was in the form of demand deposits, most of which had been created by commercial banks in the process of making loans or investments. Smith, Tr. 454

(52) Commercial banks are the only financial institutions in the United States which accept demand deposits and thereby create money and credit beyond the amount available from current savings from income. Smith, Tr. 450-451

(53) Commercial banks in the United States, through the process of making loans with the funds they receive in the form of demand deposits, are able in the aggregate to expand the total volume of bank credit available by approximately the reciprocal of the percentage of reserves they are required to keep against deposits. Thus, if the reserve requirement is 20 per cent, the banking system could theoretically expand credit by five times the excess reserves in any one bank. Smith, Tr. 470

a. Short terms of loans

(54) The heavy concentration in demand MacMillen, Tr. 1221

Brown, Tr. 3833-34 deposits on the part of commercial banks tends to restrict their lending to shorter term loans since they must be prepared to meet possible heavy demand from depositors to withdraw these deposits.

Smith, Tr. 509 (55) The necessity for a commercial bank to maintain liquidity tends to channel its lending activities in the field of short-term financing, especially commercial loans.

Fortines, Tr. 407 (56) Commercial banks do not care to make long-term real estate type loans.

b. Role in transfer of funds

Harris, Tr. 2312, 2317 Smith, Tr. 451, 486 (57) Only commercial banks provide checking account services.

Smith, Tr. 454, 486 (58) Most payments at the present time are made by the transfer of commercial bank demand deposits from one customer to another by the use of checks. This function of commercial banks cannot be performed by any other institution.

c. Commercial banks hold primarily demand deposits

Brown, Tr. 2642 (59) The central element in the success of a commercial bank is its ability to attract and retain as much deposits as possible.

Smith, Tr. 501-502; Ex. G-36 Ex. G-54 (60) Deposit liabilities are the predominant liabilities of Girard and PNB as they are for the commercial banking system in general.

Smith, Tr. 508; Ex. G-54 (61) For the commercial banking system as a whole, two-thirds of total deposits are demand deposits and one-third are time deposits. PNB and Girard's ratios of de-

mand deposits to total deposits is somewhat higher than two-thirds.

(62) In June of 1960, the average total of time and savings deposits of PNB and Girard was $253,900,000, and demand deposits of the two banks for the same period were $1,300,000,000. Thus, more than 83% of the combined banks deposits were in the form of demand deposits. MacLaren, 2493; 2499 Ex. D-30

2. Commercial and industrial loans

(63) For commercial banks the area of commercial and industrial loans is the most important type of loan. Harris, Tr. 2455

(64) Customarily commercial banks do not lend more than 60 percent of their deposits. Brown, Tr. 2614

(65) Commercial banks in the United States concentrate an average of roughly 40% of their loans in the field of commercial and industrial loans. PNB and Girard specialize in commercial loans to an even greater extent than the average bank. Smith, Tr. 518-19

(66) PNB, as of June 30, 1960, had approximately 57% in dollar amount of its loans in the commercial and industrial category. Girard, as of June 30, 1960, had approximately 49% in dollar amount of its loans in the commercial and industrial category. PNB Ans. Par. 8 Girard Ans. Par. 9

Forlinea, Tr. 409 (67) Commercial banks make short-term loans to businesses and individuals for operating expenses, inventories, and similar purposes.

Clarke, Tr. 355, 357 (68) Commercial banks specialize in making commercial loans to business.

Clark, Tr. 367 (69) Business establishments are dependent upon commercial banks for the working capital which they need.

Potts, Tr. 1442–1444; MacMillen, Tr. 1276; MacLaren, Tr. 2265; Smith, Tr. 613–614 (70) Commercial banks generally seek to have their borrowers maintain 20% of their borrowings on deposit in the lending institution as a so-called compensating balance.

Harris, Tr. 2413 (71) Financial institutions other than commercial banks cannot supply the commercial loans needed by larger businessmen.

Harris, Tr. 2414 (72) Unsecured, short-term commercial loans are readily available to Philadelphia businessmen only from commercial banks.

Reliance of small and medium size borrowers on commercial bank loans

Harris, Tr. 2456 (73) For commercial loans of $50,000 and under there is very little competition other than commercial banks. For certain of these loans which might conceivably be secured by accounts receivable, sales finance companies or factors may provide some competition.

Harris, Tr. 2306 (74) Customers of commercial banks cannot normally obtain loans from banks

which do not have knowledge of the customers' credit standing.

(75) Small business concerns are known primarily in their own locality; therefore they may be forced by this fact to do business with nearby banks. Harris, Tr. 2305 MacMillen, Tr. 1229-1230

(76) The vast number of commercial loans made in the United States are made to smaller sized business. Thus, in 1955, member banks of the Federal Reserve System made 503,000 commercial loans to businesses of under $50,000 assets; 415,000 such loans to businesses between $50,000 and $250,000; 126,000 such loans to businesses between $250,000 and $1,000,000; 38,000 such loans to businesses between $1 million and $5 million; 11,000 loans to businesses of from $5 to $25 million; 4,000 loans to businesses between $25 and $100 million, and 6,000 commercial loans to businesses of over $100 million in assets. Substantially the same pattern appears in the 1957 survey. Ex. G-190, Table I

(77) Generally, a small business is one with assets of less than $250,000 and fewer than 500 employees. However, these general guidelines may vary according to the nature of the business being considered. The definitions contained in the rules and regulations of the Small Business Administration are a reliable guide to the "small business" in various industries. Ex. G-177 13 C.F.R. 121.3

Forlines, Tr. 410 (78) Small and medium size business is more dependent on commercial banks for the funds it needs than any other segment of borrowers.

Ex. G-70, p. 2 (79) The Philadelphia area business firm population is primarily one of small enterprises. Thus, the area has 35,000 retailing establishments with 159,000 employees and 6,100 industrial establishments with employees numbering 477,000. There are also 5,900 wholesaling establishments with 73,000 employees.

(80) Small and intermediate sized business has very little opportunity to obtain external funds from institutional investors such as insurance companies, pension funds, and other financial intermediaries, nor does it have any better opportunity to derive short-term working capital from savings and loan associations, mutual savings banks and similar savings institutions. The commercial bank is the primary, and in practice the only regular, source for the recurring short and intermediate-term financing needs of small and intermediate-sized business.

3. Other functions performed by commercial banks which cannot be performed as well, if at all, by other financial institutions

Ex. G-57, pp. 117-118; Ex. D-33, pp. 8-9; Ex. D-69, III (81) Commercial banks provide a wide variety of trust services. Personal trust services include acting as investment manager and advisor, as trustee for employee

benefit trusts, as executor, administrator, custodian, and in other capacities. Corporate trust services include acting as registrar or transfer agent, bond and coupon paying agent, and others.

(82) Some banks offer their corporate depositor customers an account reconciliation service, which includes making out checks for the depositor customer, sending out the checks, making up a statement for the depositor customer, and sending out the statements. Potts, Tr. 1371

(83) A lock box is a bank service offered to facilitate the collection of checks for a corporation. This service is primarily useful on a local and a regional basis. Potts, Tr. 1372–1373

(84) Commercial banks are the channel through which most of the currency in circulation finds its way into the economy. Smith, Tr. 454

(85) Other services provided by commercial banks to corporate customers include money wire transfer, check collection, credit information, and payroll accounts. McDowell, Tr. 2854–2878; 2949–2953; 2957; Harris, Tr. 2320

4. Participations

(86) Commercial banks commonly meet requests for loans in excess of their own lending limits by arranging for other banks to participate in the loan. Such arrangements are normally made without substantial difficulty and customers rarely if ever object to this procedure even though they know it is being employed. Brown, Tr. 2647–2660; Sienkiewicz, Tr. 2052–2053; Mason, Tr. 3073–3074; Weinrott, Tr. 3103; MacMillen, Tr. 1222–1223, 1238; Brumbaugh, Tr. 660

MacMillen, Tr. 1223, 1238 (87) Industrial corporations which wish to borrow are interested in obtaining money at a favorable rate and are unconcerned whether or not a bank which extends them credit obtains part of that credit from other banks by offering them participations in the loan.

MacMillen, Tr. 1236, 1256, 1267–68 (88) Commercial banks frequently invite other banks to participate in loans which do not exceed their own lending limit if they are short of loanable funds or if they do not care to assume the entire risk of the requested loan.

Halpin, Tr. 755–65; Ex. G–67 (89) In a number of cases PNB has participated with other banks under a written agreement making loans which in total exceed PNB's lending limit or even the lending limit of any bank as well as loans which are well within PNB's limit. The interest rates on these loans vary.

Halpin, Tr. 787–95, Ex. G–69, Ex. G–67 (90) In a number of cases Girard has participated with other banks under a written agreement between the borrower and the banks for a loan in excess of Girard's lending limit or even the lending limit of any bank as well as loans well within Girard's limit. The interest rates on these loans vary.

C. Commercial banks distinguished from other financial institutions

1. Savings banks

(91) Savings banks are permitted to accept savings deposits only, while commercial banks accept both time and demand deposits. On an average, two-thirds of commercial bank deposits are in the form of demand deposits. MacMillen, Tr. 1220

(92) Savings banks generally can require notice on withdrawals of deposits, a condition generally not applicable to withdrawals of demand deposits of commercial banks. Brumbaugh, Tr. 650

(93) The convenience for a customer of being able to do all his banking under one roof is one of the factors which account for the ability of commercial banks to retain and even increase savings deposits although savings banks have been offering higher rates for those funds. Harris, Tr. 2335

(94) Since savings banks have long-term funds in the form of time deposits, they make loans of a longer duration than the normal commercial bank. MacMillen, Tr. 1220–1221

(95) Mutual savings banks in the United States and in Philadelphia specialize largely in mortgage loans. Smith, Tr. 530; Ex. G–58, Ex. G–57, p. 92

(96) Commercial banks such as the Girard often lend money to so-called mortgage brokers for the purpose of initiating and carrying mortgage loans until perma- Brown, Tr. 2838

nent financing for such loans can be provided by a mutual savings bank or similar mortgage lender.

McGinley, Tr. 3459–3460 (97) The primary loan business of the Beneficial Savings Bank, a Philadelphia savings bank, is in residential mortgage loans; its business in the home modernization loan field is only nominal, as is the case with the other savings banks in Philadelphia.

McDowell, Tr. 2935–2936 (98) The executive president and senior lending officer of PNB did not know until a few days before he testified that mutual savings banks made home modernization loans.

Harris, Tr. 2415 (99) Savings banks do not make short term unsecured loans.

MacLaren, Tr. 2498–2499 (100) Savings banks do not accept time deposits of partnerships and corporations.

Brown, Tr. 2836; McGinley, Tr. 3457–3458 (101) It is essential for mutual savings banks to receive checking account service from a commercial bank.

McGinley, Tr. 3457–3458 (102) Savings banks maintain deposit accounts with commercial banks but cannot accept deposits from commercial banks. Beneficial Savings Bank maintains demand deposit accounts with PNB and Girard, among other banks, and could not carry on its business without such checking accounts.

Brumbaugh, Tr. 650, 652 (103) Savings banks cannot substitute for commercial banks. They cannot offer

demand deposit services, specifically checking account services, which are essential to a business.

(104) Several savings banks are good customers of Girard. Ex. G-220; Ex. G-224

(105) Girard did not protest when a savings bank proposed to open a branch in the Lawrence Park Shopping Center in the same building in which Girard had an office. However, Girard would have protested if another commercial bank had applied for this office. Ex. G-222

(106) Girard did not protest when a savings bank proposed to open a branch in Wynnewood Shopping Center, near a Girard branch, in part because the competition between a commercial bank and a savings institution is limited. Ex. G-224

(107) One of the directors of PNB was, at the time the merger application was filed by the two banks with the Comptroller, also a director and the president of Western Saving Fund Society. Potts, Tr. 1461-1462; Ex. G-57, p. 39

(108) The Beneficial Savings Bank has common interlocking directors with several Philadelphia commercial banks, including PNB. McGinley, Tr. 3455-3456

(109) The president of a Philadelphia savings bank is also a director of Girard. Brown, Tr. 3836

(110) The testimony of both Government and defense witnesses proves that any

competition between commercial banks and savings banks is limited to residential mortgages and savings accounts.

2. Savings and loan associations

MacMillen, Tr. 1224
Hansen, Tr. 736

(111) Savings and loan associations issue shares for the funds they receive and the shareholder is not entitled to have the consideration given for the shares returned on demand as is the holder of a demand deposit in a commercial bank.

Smith, Tr. 524–526; Ex. G–56; Ex. G–57, p. 92; Taylor, Tr. 1283, 1288–89; Hansen, Tr. 736
DuBois, Tr. 728
MacMillen, Tr. 1224

(112) Savings and loan associations acquire their funds by selling shares to customers. The obligation of the association to its shareholders is of an equity nature rather than the creditor-debtor relationship of depositor to commercial bank. Savings and loan associations are limited by law, with minor exceptions, to making mortgage loans on homes or residential properties. Commercial banks engage in such lending only to a limited degree and when they have surplus funds; the majority of their loans are of a commercial nature and are made either on demand or on a much shorter term basis than are mortgage loans.

Brumbaugh, Tr. 652
Hansen, Tr. 737

(113) Savings and loan associations cannot substitute for commercial banks.

Harris, Tr. 2480, 2475

(114) The growth of savings and loan associations in recent years indicates they have fulfilled a large demand which was not and is not now being met by commer-

cial banks and other lending institutions.

(115) Commercial banks are not in competition with savings and loan associations in the making of loans. Clarke, Tr. 363

(116) Savings and loan associations in the United States and in Philadelphia specialize almost exclusively in the making of mortgage loans. Smith, Tr. 524-526; Ex. G-56; Ex. G-57, p. 92

(117) PNB and Girard are not in strong competition with savings and loan associations for mortgage loans. Harris, Tr. 2421

(118) Savings and loan associations do not make short term unsecured loans. Harris, Tr. 2415

(119) Savings and loan associations do not accept time deposits of partnerships and corporations. MacLaren, Tr. 2498-2499

(120) Since savings and loan associations loan on a secured, mortgage basis, they are not in competition with commercial banks to provide personal loans for household, family and similar expenditures.

(121) Savings and loan associations are not in competition with commercial banks for commercial and industrial loans.

(122) Savings and loan associations are not in competition with commercial banks for any business except residential mortgage loans and, to some extent, savings accounts.

3. Finance companies

(123) Girard lends to finance companies. Brown, Tr. 3861

(124) PNB lends to finance companies. Ex. G-133

Brown, Tr. 3866 (125) Personal loan companies borrow heavily from commercial banks.

Forlines, Tr. 308 (126) Commercial banks do not normally lend money to institutions who might use those borrowings to make loans in competition with commercial banks.

Ex. G-192 (127) The Ritter Finance Company in Philadelphia is a customer of Girard and the two institutions are not in substantial competition since Ritter Finance concentrates more on the high interest rate, small personal loans.

Smith, Tr. 535-36 (128) Sales finance companies, which concentrate on consumer installment credit, raise a substantial amount of their funds by borrowing from commercial banks.

Smith, Tr. 537 (129) The elimination of commercial bank competitors reduces the alternative sources of funds available to local sales finance companies.

Smith, Tr. 537 (130) Commercial banks are important in the area of consumer financing not only as direct lenders to consumers but as a source of funds for sales finance companies. The 1956 Federal Reserve Study on consumer credit estimated the commercial banks finance directly or indirectly over 50% of the total installment credit in the economy.

Ex. G-133 (131) On June 30, 1960, PNB had $50,932,368 in loans outstanding to finance companies. In recent years PNB's loans

outstanding to finance companies have been as follows:

12/31/59	$51,000,690
6/30/59	45,469,089
12/31/58	51,915,896
6/30/58	36,082,982
12/31/57	48,147,625
12/31/56	50,325,884
12/31/55	58,199,729

(132) Throughout the United States personal finance companies are generally permitted under special small-loan acts administered separately from the banking laws to charge, for the loans they are permitted to make, interest far in excess of the rate commercial banks may charge. Generally the interest rate actually charged by these companies is the maximum permitted by law. Taylor, Tr. 1285-87

(133) Consumer finance companies generally charge higher interest rates on loans than do commercial banks. Brown, Tr. 3860; MacMillen, Tr. 1223; Taylor, Tr. 1285-86

(134) The rates of interest charged by small loan companies in Pennsylvania are substantially in excess of the rates charged by commercial banks. Smith, Tr. 539

(135) The interest rates charged by Girard are generally substantially lower than the rate charged by personal loan companies in Pennsylvania. Brown, Tr. 3860-61

(136) Philadelphia small loan compa[illegible] are charging the maximum interest r[illegible] permitted them under state law. These rates are higher than those charged by commercial banks in Pennsylvania. Harris, Tr. 2460-2461, 2463

Harris, Tr. 2415-16 (137) In the four-county area personal loan companies are permitted to make loans at special interest rates only to a maximum of $600 per borrower and consumer discount companies have a $2,000 ceiling on their lending to any one borrower. Consequently whatever commercial loans such companies might make would only be of very low dollar amounts.

Hansen, Tr. 737 (138) Small and medium sized businesses cannot depend on personal finance companies for commercial and industrial loans.

MacMillen, Tr. 1221 Forlines, Tr. 405 (139) Consumer finance companies generally are not competitors of commercial banks in making loans for commercial and industrial purposes.

4. Insurance companies

Brown, Tr. 2712, 3836; Potts, Tr. 1485-1486; Ex. G-57, p. 95 (140) Competition by insurance companies with commercial banks is not significant since long-term borrowings have tended to gravitate toward the insurance companies while commercial banks are more active in the field of short-term loans.

Brown, Tr. 3835-3837 Harris, Tr. 2457 (141) A corporation desiring to make a commercial loan for a period of from 10 to 15 years would normally borrow from a life insurance company and a commercial bank, with the earlier repayments being made to the bank and the longer term payments to the insurance company.

Smith, Tr. 533 (142) The main areas of investment for

life insurance companies in the United States are corporate securities and mortgages.

(143) The Penn Mutual Life Insurance Company and The Provident Mutual Life Insurance Company are in competition with PNB only to a minor degree and only in large loans that require long maturities. The financial vice president of Penn Mutual Life Insurance Company is a director of PNB. The president of Provident Mutual Life Insurance Company is a director of PNB. Potts, Tr. 1461-1463 Ex. G-57, pp. 38, 40

(144) Insurance companies do not make short term, unsecured commercial loans. Harris, Tr. 2415

(145) In the attempt by defendants to show that borrowing needs of large businesses in Philadelphia are not being adequately served due to the limitations on lending by commercial banks in Philadelphia, there was no suggestion that large Philadelphia insurance companies in any way alleviate the claimed inadequacy.

5. Factors

(146) Factors buy receivables of business enterprises, take responsibility for their collection, and bear the risk of loss; most other commercial financial institutions simply take over the collection process without taking the risk of loss. Smith, Tr. 543

(147) Because of the nature of the risks of their business, factors do not compete Ex. G-57, p. 97

significantly with the credit business of commercial banks.

Graves, Tr. 3898 (148) Factors charge higher interest rates than commercial banks and are not comparable with commercial banks as a source of business financing.

6. Credit unions

Harris, Tr. 2338 (149) A credit union is limited to dealing with persons who are eligible to belong to it and who have actually become members of the credit union.

Ex. G-57, p. 95 Clarke, Tr. 381 (150) Credit unions do not offer commercial banks competition of any consequence.

MacLaren, Tr. 2498–2499 (151) Credit unions do not accept time deposits of partnerships and corporations.

7. Summary

Smith, Tr. 455–456 (152) Financial institutions other than commercial banks, such as savings and loan associations, mutual savings banks, life insurance companies, and personal and sales finance companies, are not able to create money and credit as commercial banks do. The job of these other institutions is often described as being a financial intermediary and consists of collecting savings from people and making those savings available to other people.

Harris, Tr. 2460 (153) Finance companies, savings and loan associations, credit unions and other financial institutions normally maintain checking accounts in commercial banks.

(154) For some of the services, such as demand deposit services, rendered businessmen by commercial banks there is no substitute available from other types of financial institutions. Harris, Tr. 2414

(155) Postal money orders and savings bank money orders are not significant alternative methods for noncash payment of bills. Harris, Tr. 2449

(156) Unsecured, short-term commercial loans are readily available to Philadelphia businessmen only from commercial banks. Harris, Tr. 2414

(157) It is convenient for bank customers to conduct all their financial activities under one roof. Harris, Tr. 2319

D. Some activities in which commercial banks specialize

1. Commercial and industrial loans

(158) Financial institutions other than commercial banks cannot supply the commercial loans needed by larger businessmen. Harris, Tr. 2413

(159) For commercial banks the area of commercial and industrial loans is the most important type of loan. Harris, Tr. 2455

(160) The Federal Reserve System has conducted surveys of commercial loan business of commercial banks. Ex. D-1, pp. 64-67 Ex. G-190, pp. 393-411

(161) Commercial and industrial loans are a specific category in the reports of conditions required of all member banks by the Federal Reserve System. Gaffey, Tr. 73

Ex. G-6(s) Ex. G-6A

(162) PNB, as of June 15, 1960, had commercial and industrial loans totaling $295,514,000, equal to 58.3% of all its loans.

Ex. G-6(s) Ex. G-6A

(163) Girard, as of June 15, 1960 had commercial and industrial loans totaling $200,427,000, equivalent to 51.0% of all its loans.

Ex. G-6(s) Ex. G-6A

(164) All commercial banks with head offices in the four counties of Philadelphia, Bucks, Montgomery and Delaware, as of June 15, 1960, had commercial and industrial loans totaling $1,215,316,000, equal to 45.6% of all their loans.

Harris, Tr. 2445

(165) Savings and loan associations, insurance companies, and savings banks do not make short term, unsecured commercial loans.

2. Installment loans to individuals

Brown, Tr. 3860-3861 MacMillen, Tr. 1223

(166) Interest rates charged by commercial banks are generally substantially lower than the rates charged by personal loan companies.

Brown, Tr. 3866

(167) Loan companies borrow heavily from commercial banks.

Smith, Tr. 5?7

(168) Commercial banks are important in consumer financing not only as direct lenders to consumers but as a source of funds for finance companies. The 1956 Federal Reserve study on consumer credit estimated that commercial banks financed directly or indirectly more than 50% of the total installment credit in the economy.

(169) Commercial banks do not normally lend money to institutions which might use those borrowings to make loans in competition with commercial banks. Forlines, Tr. 308

(170) PNB, as of June 15, 1960, had total installment loans to individuals of $61,323,000, equal to 12.1% of all its loans. Ex. G-6(s) Ex. G-6A

(171) Girard, as of June 15, 1960, had total installment loans to individuals of $50,294,000 equal to 12.8% of all its loans. Ex. G-6(s) Ex. G-6A

(172) All commercial banks with head offices in the four counties, as of June 15, 1960, had total installment loans to individuals of $542,805,000, equal to 20.3% of all their loans. Ex. G-6(s) Ex. G-6A

3. Single payment loans to individuals

(173) The per cent of total single payment loans to individuals made by sources other than commercial banks is insignificant. Harris, Tr. 2458-2459 Ex. D-41, p. 4

(174) PNB, as of June 15, 1960, had total single payment loans to individuals of $24,204,000. equal to 4.8% of its total loans. Ex. G-6(s) Ex. G-6A

(175) Girard, as of June 15, 1960, had total single payment loans to individuals of $70,871,000, equal to 18.0% of its total loans. Ex. G-6(s) Ex. G-6A

(176) All commercial banks with head offices in the four counties, as of June 15, 1960, had total single payment loans to individuals of $246,152,000, equal to 9.2% of their total loans. Ex. G-6(s) Ex. G-6A

4. Real estate loans

Harris, Tr. 2364

(177) National banks are permitted to invest in mortgage loans up to 50% of their time deposits, or the equivalent of their capital and surplus, whichever is greater.

Ex. G-6(s) Ex. G-6A

(178) PNB, as of June 15, 1960, had total real estate loans of $62,865,000, equal to 12.4% of its total loans.

Ex. G-6(s) Ex. G-6A

(179) Girard, as of June 15, 1960, had total real estate loans of $32,708,000, equal to 8.3% of its total loans.

Ex. G-6(s) Ex. G-6A

(180) All commercial banks with head offices in the four counties, as of June 15, 1960, had total real estate loans of $313,020,000, equal to 11.7% of their total loans.

5. Personal trusts

Ex. D-33, p. 8-9 Ex. D-38 Ex. G-57, p. 117

(181) Services of the personal trust department of a commercial bank include investment management, executorships, trustee of pension and profit sharing trusts, administration of estates, estate planning, custodian of securities, operation of common or diversified trust funds for collective investment of individual trust accounts, funded and life insurance trusts, and cemetery trusts.

Ex. G-57, p. 117

(182) PNB had, on November 15, 1960, 2,570 personal trust accounts with a total market value of $361,300,000.

Ex. G-57, p. 117

(183) Girard had, as of November 15, 1960, 7,755 personal trust accounts with a total market value of $2,248,206,000.

(184) Girard, as of December 31, 1959, ranked second among all Philadelphia banks in the value of personal trust business. Ex. G-57, p. 136

(185) As of December 31, 1959, Girard held 24% of the aggregate personal trust business held by all Philadelphia commercial banks. Ex. G-57, p. 136

(186) As of December 31, 1959, PNB ranked fifth among all Philadelphia commercial banks in the value of personal trust business. Ex. G-57, p. 136

(187) PNB, as of December 31, 1959, held 4% of the aggregate personal trust business held by all Philadelphia commercial banks. Ex. G-57, p. 136

(188) Girard's operating income of its personal trust department in 1959 was \$5,170,000, and in 1960 was \$4,909,000. Ex. D-33, p. 26

(189) Girard's personal trust department income represented 13% of its total operating income in 1960. Ex. D-33, p. 8

(190) Personal trust services are performed only by trust departments of commercial banks and by trust companies.

6. Time and savings deposits

(191) Commercial banks are the only financial institutions which accept time deposits of partnerships and corporations. MacLaren, Tr. 2498-2499; McGinley, Tr. 3461

(192) Corporations are not permitted to have savings fund accounts. Brown, Tr. 2799

MacLaren, Tr. 2498–2499 (193) Savings banks hold only savings accounts and no time deposits of partnerships and corporations.

MacLaren, Tr. 2498–2499 (194) Savings and loan associations hold no time deposits of partnerships and corporations.

MacLaren, Tr. 2498–2499 (195) Credit unions hold no time deposits of partnerships and corporations.

Ex. D–32 MacLaren, Tr. 2498–2499 (196) Savings banks, savings and loan associations, and credit unions accept only savings deposits of individuals.

Ex. G–7(a) Ex. G–7A (197) PNB, as of June 15, 1960, had total time deposits of $124,325,000, equal to 13.5% of its total deposits.

Ex. G–7(a) Ex. G–7A (198) Girard, as of June 15, 1960, had total time deposits of $128,339,000, equal to 19.4% of its total deposits.

Ex. G–7(a) Ex. G–7A (199) All commercial banks with head offices in the four county area, as of June 15, 1960, had total time deposits of $843,938,000, equal to 18.8% of their total deposits.

Harris, Tr. 2335 (200) The convenience for a customer of being able to do all his banking under one roof is one of the factors which account for the ability of commercial banks to retain and increase savings deposits.

Brown, Tr. 2799 (201) Savings funds accounts are largely individual accounts. The only possible exceptions may be certain charitable and nonprofit corporations and perhaps school boards.

7. Demand deposits and IPC demand deposits

(202) Commercial banks are the only financial institutions in the United States authorized to receive demand deposits. Harris, Tr. 2287 Smith, Tr. 484

(203) Only commercial banks provide checking account services. Harris, Tr. 2312, 2317 Smith, Tr. 486

(204) There is no substitute available from other financial institutions for the demand deposit services rendered to business by commercial banks. Harris, Tr. 2414

(205) Creation of demand deposits is a major function of commercial banks. Harris, Tr. 2286

(206) The keenest competition among commercial banks is to obtain demand deposits. Jennings, Tr. 3301

(207) PNB, as of June 15, 1960, had total demand deposits of $796,942,000, equal to 86.5% of its total deposits. Ex. G-7(8) Ex. G-7A

(208) Girard, as of June 15, 1960, had total demand deposits of $533,478,000, equal to 80.6% of its total deposits. Ex. G-7(8) Ex. G-7A

(209) All commercial banks with head offices in the four-county area, as of June 15, 1960, had total demand deposits of $3,640,443,000, equal to 81.2% of their total deposits. Ex. G-7(8) Ex. G-7A

(210) PNB, as of June 15, 1960, had total demand deposits of individuals, partnerships and corporations (IPC demand deposits) of $509,561,000, equal to 55.3% of its total deposits. Ex. G-7(8) Ex. G-7A

Ex. G-7(e)
Ex. G-7A

(211) Girard, as of June 15, 1960, had total IPC demand deposits of $445,201,000, equal to 67.3% of its total deposits.

Ex. G-7(e)
Ex. G-7A

(212) All commercial banks with head offices in the four-county area, as of June 15, 1960, had total IPC demand deposits of $2,798,478,000, equal to 62.4% of total deposits.

E. Competition among commercial banks

Smith, Tr. 512-14

(213) Commercial banks are regulated by public authority in order to control the volume of the money supply and to protect depositors from loss through unliquidity or insolvency of the bank, but they are not regulated as are public utilities in prices and the profit rates they realize or the quality of service they render the public. In such areas the competitive market with a large number of separate banks is the means relied upon to insure sound functioning of the commercial banking system.

Smith, Tr. 514-15

(214) Commercial banks compete with one another in the charges they make for loans, in the quality of the services they render customers, and in attracting deposits.

Jennings, Tr. 3301

(215) The keenest competition among commercial banks is to obtain demand deposits and loans.

Harris, Tr. 2321

(216) The chief factor in competing for the demand deposits of large depositors is

the quality of services rendered in exchange for those deposits.

(217) In addition to competing for the business of large borrowers by offering more favorable interest rates, commercial banks may compete by offering such borrowers a more favorable time period in which they may repay their loan, lesser restrictions on the borrower's capital or dividends, and a host of collateral services such as providing special credit facilities and information. MacMillen, Tr. 1260-61

(218) Commercial banks compete in the making of commercial loans, in the service they provide on the loan, in the lines of credit they offer, the term of the loan and the rate of interest on the loan. Clarke, Tr. 370

(219) The Philadelphia banks compete to acquire banks and branch sites in the four county area. Beadle, Tr. 876, 882 Reller, Tr. 3130-3134

(220) An important factor in competition among banks in the Philadelphia area is a well-distributed branch system. Sienkiewicz, Tr. 2056

(221) In order to maintain its competitive position Girard believes it must keep a strategic branch system. Beadle, Tr. 884

(222) There is a large range of possible, legal variations in interest rates on commercial and industrial loans. Harris, Tr. 2429-30

(223) Commercial banks may charge higher interest rates for loans to borrowers who are unable to maintain a sizeable com- Brown, Tr. 2609

pensating balance on deposit with the lender.

Sienkiewicz, Tr. 2074–75 (224) Banks with very good credit departments and excellent ratings will occasionally differ in judgment in evaluating loans.

MacMillen, Tr. 1276 (225) If a commercial bank does have an excess of loanable funds it will reduce the interest rate it asks for those funds so they can be put to work, either in loans or in Government and municipal bonds.

Brown, Tr. 2631–32 (226) Variations in interest rates are an element in the decision of larger borrowers *to borrow from* one bank or from another one.

Ex. G–130 (227) In establishing the minimum interest rates which the PNB was to charge from July 10, 1957 through August 23, 1960 for collateral loans, the senior executive officers of PNB directed that the customer and the account he maintained with the bank should be evaluated in setting the actual rate to be charged.

Harris, Tr. 2400 (228) One means for commmercial banks to seek checking accounts is by advertising in newspapers and on billboards in the area from which they hope to obtain such accounts.

Jennings, Tr. 3308 (229) Commercial banks compete on service charges to the extent that if a bank's service charges get out of line with the service charges of their competitors,

its customers will leave if the differential is significant.

(230) Service charges are a factor in the acquisition and retention of banking business. Gillam, Tr 1310, 1312, 1314

(231) In addition to competition in the area of service charges, the Norristown branch of the PNB and the Peoples National Bank of Norristown compete in the quality of the office facilities maintained, their lending policies, the personal touches the banks maintains with customers and in the general prestige of these institutions. Gillam, Tr 1313

(231A) Substantial competition, including interest rate competition, exists among the commercial banks in the four county area for direct and indirect consumer loan business. Satterfield, Tr 2084, 2123 Ex. G-231 to Ex. G-244 Ex. G-194

V. THE FOUR-COUNTY AREA

A. Market area

1. Pennsylvania law

(232) Pennsylvania commercial banks may open offices in the political community where their main office is situated, in some other political community within their home county, or in any county contiguous to the county in which the main office is located. Harris, Tr 2301

(233) Applications by Pennsylvania commercial banks for permission to establish branches in the political community Harris, Tr 2301-02

containing their head office are passed on by the Pennsylvania Secretary of Banking. Applications to establish branches in some other political community, whether within the same county or in contiguous counties, are initially passed on by the Secretary of Banking. If he approves the application, the Banking Board of the State of Pennsylvania has authority to confirm or reverse the Secretary's decision.

PNB Ans. Par. 8

(234) PNB operates ten offices in Philadelphia, five in Bucks County, seven in Montgomery County, and five in Delaware County.

Girard Ans. Par. 9

(235) Girard operates twenty offices in Philadelphia, six in Montgomery County, and twelve in Delaware County.

2. The geographic analysis

Brown, Tr. 3815–17

(236) Retail or individual customers of commercial banks who need regular or special checking accounts, consumer loans, safe deposit boxes and services of similar nature generally patronize banks located not more than one mile from them if this is possible. Small business borrowers may travel farther to obtain the accommodations they desire.

Brown, Tr. 3817

(237) Potential borrowers from commercial banks who desire loans for under $1 million would not normally obtain their loan from banks in another city.

(238) The First Camden National Bank and Trust Company, which is the second largest commercial bank in Camden, New Jersey, and has one office in Philadelphia, draws little if any business from Montgomery and Bucks Counties and has only one customer in Delaware County. Carter, Tr. 3249-51

(239) Liberty Real Estate Bank & Trust Co. competes with all the other commercial banks in Philadelphia but does not have any competition from commercial banks outside of Philadelphia. Mason, Tr. 3048

(240) Central Penn National Bank services the business needs of Philadelphia and three or four adjoining counties. Sienkiewicz, Tr. 2054

(241) Most deposits of Central Penn National Bank originate in the four-county area (Philadelphia, Bucks, Montgomery, or Delaware County). Sienkiewicz, Tr. 2055

(242) The banking alternatives open to each borrower depend to a great extent upon the size of his operations, his credit rating, the extent of the area within which he is well known, and the number of lenders willing and able to meet his credit needs within this area. Smith, Tr. 545

(243) Some families choose a bank conveniently located near the husband's employment if he handles the family finances. If the wife is the financial manager, a bank not far from the home may be selected. Harris, Tr. 2313

Brown, Tr. 2768–70 (244) Generally, any bank within reasonable commuting distance of another bank is in competition with that bank to one degree or another for the business of the ordinary individual depositor.

Harris, Tr. 2347 (245) Direct installment loans are generally made to consumers near to the lending institution.

Forlines, Tr. 411 Clarke, Tr. 360 (246) Commercial banks draw most of their business from the geographic area closest to them.

Harris, Tr. 2346 (247) The market for unsecured smaller loans (under $2,000) to individuals is limited for the most part to borrowers living or working not far from the lending institutions.

Gillam, Tr. 1314 (248) PNB makes periodic surveys of the service charge schedules of their competitors in branch market areas.

Ridgway, Tr. 1189 Ex. G–115 (249) In the comparison of its service charges with those of its competitors made in 1959 in preparation for planning changes in its charges, the Philadelphia National Bank compared its charges only with other commercial banks in the four-county area.

Ex. G–166 Ex. G–167 (250) Girard makes regular comparisons of its service charges with those of other Philadelphia commercial banks.

Beadle, Tr. 882 (251) All of the industrial plants, stores, and business establishments in the four-county area require commercial banking facilities.

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(252) PNB launched its program of mergers because of management's belief in 1950 that if PNB was to maintain its position, the quality of its services, and its reputation, it could no longer confine itself solely to the wholesale banking business; this was in part due to the fact that a change was then taking place in the character of deposits: The importance of the corporate deposit was lessening and the deposit of individuals was becoming more and more of a factor in the over-all banking picture. Potts. Tr. 1500-1501

(253) During the period 1940 to 1950 Girard Trust Company, predecessor of the Girard Trust Corn Exchange Bank, found that both individuals and businesses were moving to suburban areas and that to progress in the banking business, especially the retail banking business, it would be necessary for a bank such as Girard to establish facilities more conveniently located near these customers. Brown. Tr. 2551, 2558

(254) Philadelphia-based banks dominate banking in the four-county area. In December 1960, Philadelphia-based banks had 136 banking offices in Philadelphia County and 79 banking offices in the three contiguous counties, for a total of 215 offices throughout the four-county area. By comparison, the banks with head offices in the three contiguous counties operated a Ex. G-187

total of only 68 offices in the three counties and none in Philadelphia County at all. Only three banks with head offices outside the four-county area have offices in the area; a Philadelphia office of the New York-based, private bank Brown-Brothers Harriman & Co.; a Philadelphia branch office of the First Camden National Bank & Trust Co. of Camden, New Jersey; and a Delaware County branch office of a Chester County, Pennsylvania, bank.

Ex. G-187 (255) The large Philadelphia banks have the largest number of banking offices in the four-county area. Four of the banks, including PNB, have branches in all four counties, while three others, including Girard, have branches in three of the four counties. Of the remaining Philadelphia-based commercial banks, two have only one branch outside of Philadelphia and five have no branches outside Philadelphia County. Thus, the seven largest Philadelphia banks compete extensively with one another as well as with the independent banks in the three contiguous counties.

Ex. G-67 (256) Two other companies in the area hold commercial bank charters, Pennsylvania Warehousing & Safe Deposit Company and Finance Company of Pennsylvania, both in Philadelphia. However, these were not considered as competitors

by the defendant banks in the application filed with the Comptroller.

(257) Some commercial banks compete in national, regional, and local markets. The elimination of a large lender through the merger of two large city banks may significantly reduce the degree of competition through elimination of an important alternative source of credit for many borrowers over a rather wide area, but with the greatest effects being concentrated nearest the locale of the merging banks, in this case the four-county area, within which the defendants may establish offices to serve their customers. Smith, Tr. 545-46

(258) The market area of a commercial bank can be determined by analyzing the geographic areas in which its business originates and the percentage of business from those various areas. Harris, Tr. 2307

B. Geographic origin of PNB and Girard business

A substantial amount of the defendants' total banking business originates from the four-county area, both in terms of total dollar volume and in terms of numbers of customers served, as is shown more fully in the following tables.

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1. Loans, September 1960

a. *Commercial and industrial loans*

TABLE 1

(Ex. D-63, 1)

COMMERCIAL AND INDUSTRIAL LOANS

I. GEOGRAPHICAL DISTRIBUTION OF PHILADELPHIA NATIONAL BANK'S LOANS

[000 omitted in following $ amounts]

Size of loan	Under $50,000		$50,000–$99,999		$100,000–$499,999		$500,000–$999,999		Over $1,000,000		Total	
	$ Amt	Per cent	$ Amt	Per cent	$ Amt	Per cent	$ Amt	Per cent	$ Amt	Per cent	$ Amt	Per cent
LOCATION OF BORROWER												
Philadelphia	7,377	33	5,040	38	27,347	43	18,788	44	56,479	34	115,029	38
Bucks, Delaware and Montgomery Counties	9,305	42	4,838	36	12,152	19	4,859	11	18,309	11	49,753	16
Total 4 counties	16,682	75	9,878	74	39,499	62	23,645	56	75,078	45	164,782	54
Rest of 10-county area	864	4	631	5	4,514	7	3,998	9	17,145	11	26,852	9
Rest of 3d F.R.D.			1,519	11	6,379	10	3,780	9	13,303	8	29,598	9
Northeast U.S. outside 3d F.R.D.	4,608	21	740	5	8,480	13	5,823	13	33,227	20	48,279	16
Rest of U.S.			616	5	4,040	7	5,928	14	25,730	16	36,323	12
Foreign					495	1					495	
Total	22,154	100	13,363	100	63,416	100	42,983	100	164,483	100	306,329	100

TABLE 2

(Ex. D-63, II)

COMMERCIAL AND INDUSTRIAL LOANS

GEOGRAPHICAL SOURCE OF GIRARD TRUST CORN EXCHANGE BANK'S LOANS

[000 omitted in following $ amounts]

Size of loan	Under $50,000		$50,000-$99,999		$100,000-$499,999		$500,000-$999,999		Over $1,000,000		Total	
	$ Amt	Per cent	$ Amt	Per cent	$ Amt	Per cent	$ Amt	Per cent	$ Amt	Per cent	$ Amt	Per cent
LOCATION OF BORROWER												
Philadelphia	16,167	51	7,658	56	33,872	57	13,190	46	28,429	46	99,325	51
Bucks, Delaware and Montgomery Counties	5,072	16	2,430	18	7,121	12	2,406	9	6,371	10	23,500	12
Total 4 counties	21,239	67	10,148	74	40,993	69	15,645	55	34,900	56	122,925	63
Rest of 8-county area	951	3	1,031	7	2,049	3	2,029	7			6,090	3
Rest of 3d F.R.D.			1,228	9	8,156	14	4,092	14	7,785	11	20,741	15
Northeast U.S. outside 3d F.R.D.	9,510	30	948	7	4,322	7	5,354	19	6,900	27	27,122	14
Rest of U.S.			255	2	1,788	3			2,130	3	4,173	2
Foreign			150	1	2,178	4	1,497	5	2,000	3	5,825	3
Total	31,700	100	13,758	100	59,406	100	28,617	100	62,165	100	195,746	100

TABLE 3

(Ex. D-63, III)

COMMERCIAL AND INDUSTRIAL LOANS

GEOGRAPHICAL DISTRIBUTION OF DEFENDANTS' COMBINED LOANS

[000 omitted in following $ amounts]

Size of loan	Under $50,000		$50,000-$99,999		$100,000-$499,999		$500,000-$999,999		Over $1,000,000		Total	
	$ Amt.	Per cent	$ Amt.	Per cent	$ Amt.	Per cent	$ Amt.	Per cent	$ Amt.	Per cent	$ Amt.	Per cent
LOCATION OF BORROWER												
Philadelphia	23,544	44	12,698	47	61,219	50	31,985	45	84,908	37	214,354	43
Bucks, Delaware and Montgomery Counties	14,377	27	7,328	27	19,2[illegible]	16	7,305	10	24,970	11	73,253	14
Total 4 counties	37,921	71	20,026	74	80,492	66	39,290	55	109,878	48	287,607	57
Rest of 10-county area	1,815	3	1,662	6	6,503	5	5,727	8	17,145	8	32,912	7
Rest of 3d F.R.D.			2,747	10	14,535	12	7,881	11	20,058	9	59,339	12
Northeast U.S. outside 3d F.R.D.	14,118	26	1,695	6	12,802	10	11,175	16	49,727	22	75,401	15
Rest of U.S.			871	3	5,837	6	5,928	8	27,860	12	40,496	8
Foreign			150	1	2,673	2	2,497	2	2,000	1	6,320	1
Total	53,854	100	27,151	100	122,402	100	71,500	100	226,668	100	502,075	100

(259) Tables 1, 2 and 3, above, prove that in each of the size categories shown (under $50,000, $50,000-$99,999, $100,000-$499,999, $500,000-$999,999, and over $1,000,000), the primary geographic source of commercial and industrial loan business of each bank and of the combined banks is the four-county area. The four-county area in which the defendants operate branches is the source of from 55 to 75% of each bank's loans in all but one of the size categories (45% of PNB's over $1,000,000 loans originate in the four-county area), and the four-county area is the source of 57% of the combined banks' total dollar volume of all commercial and industrial loans.

(260) Government Exhibit 24 (Revised) shows that the four-county area accounts for about 66% of the total number of the combined banks' commercial and industrial loans over $50,000 and about 55 percent of the total dollar volume of the combined banks' commercial and industrial loans over $50,000.

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b. *Loans to individuals, installment, September 1960*

TABLE 4

(Ex. D-66, I)

LOANS TO INDIVIDUALS

GEOGRAPHICAL DISTRIBUTION OF GIRARD TRUST CORN EXCHANGE BANK'S LOANS TO INDIVIDUALS

[000 omitted in following $ amounts]

Type of loan	Consumer credit and other installment loans		Single payment loans to individuals		Total	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF BORROWER						
Philadelphia	20,098	36	39,039	58	59,137	48
Bucks, Delaware and Montgomery Counties	9,817	18	16,590	25	26,407	22
Total 4 counties	29,915	54	55,629	83	85,544	70
Rest of 10-county area	898	2	2,906	4	3,804	3
Rest of 3d F.R.D.	13,819	25	4,655	7	18,474	15
Northeast U.S. outside 3d F.R.D.	10,405	19	2,643	4	13,048	11
Rest of U.S.			1,542	2	1,542	1
Foreign						
Total	55,037	100	67,375	100	122,412	100

TABLE 5

(Ex. D-66, II)

LOANS TO INDIVIDUALS

GEOGRAPHICAL DISTRIBUTION OF PHILADELPHIA NATIONAL BANK'S LOANS TO INDIVIDUALS

[000 omitted in following $ amounts]

Type of loan	Consumer credit and other installment loans		Single payment loans to individuals		Total loans to individuals	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF BORROWER						
Philadelphia	10,278	18	6,633	33	16,902	22
Bucks, Delaware, and Montgomery Counties	31,897	57	8,594	43	40,491	53
Total 4 counties	42,175	75	15,229	76	57,394	75
Rest of 10-county area	5,830	10	4,771	24	10,601	14
Outside 10-county area	8,072	15			8,072	11
Total	56,077	100	20,000	100	76,077	100

TABLE 6

(Ex. D-66, III)

LOANS TO INDIVIDUALS

GEOGRAPHICAL DISTRIBUTION OF DEFENDANTS' COMBINED LOANS TO INDIVIDUALS

[illegible]

Type of loan	Consumer credit and other installment loans		Single payment loans to individuals		Total	
	$ Amt	Percent	$ Amt	Percent	$ Amt	Percent
Location of borrower						
Philadelphia	[illegible]	[illegible]	45,674	52	76,680	38
Bucks, Delaware and Montgomery Counties	[illegible]	38	25,184	29	66,898	34
Total 4 counties	[illegible]	[illegible]	70,858	81	142,928	72
Rest of 10-county area	[illegible]	[illegible]	7,677	9	14,405	7
Rest of 3d F.R.D.	[illegible]	20	4,655	5	26,546	14
Northeast U.S. outside 3d F.R.D.	10,407	9	2,643	3	13,048	7
Rest of U.S.		[illegible]	1,542	2	1,542	none
Foreign	[illegible]					
Total	111,094	100	87,375	100	198,469	100

(261) Tables 4, 5 and 6, above, prove that the primary geographic source of installment loans to individuals for each bank and for the combined banks is the four-county area. The four-county area in which the defendants operate branches is the source of 54% of Girard's installment loans to individuals, 75% of PNB's and 65% of the combined banks' total.

(262) (This number not used.)

c. *Loans to individuals, single payment*

(263) Tables 4, 5 and 6, above, prove that the primary source of single payment loans to individuals for each bank is the four-county area. This area accounts for 83% of Girard's single payment loans to individuals, 76% of PNB's, and 81% of the combined banks' total.

d. *Real estate loans*

TABLE 7
(based on Ex. D-64)

REAL ESTATE LOANS BY LOCATION OF BORROWER, SEPTEMBER 21, 1960

[add 000 to $ figures]

Size of loan	4-county total	All other areas	Percent in 4-county area
	PNB		
Under $50,000	$29,793	$5,258	85
$50,000 and over	17,742	11,426	61
Total	47,535	16,684	74
	Girard		
Under $50,000	$17,374	$537	97
$50,000 and over	11,126	4,806	70
Total	28,500	5,343	84
	Combined		
Under $50,000	$47,167	$5,795	89
$50,000 and over	28,868	16,232	64
Total	76,035	22,027	78

(264) The statistics in Table 7, taken from Defendants' Exhibit D-64, prove that the primary geographic source of real estate loans of each bank and of the combined banks is the four-county area. The four-county area is the source of 74% of all of PNB's real estate loans, 84% of all Girard's and 78% of the combined banks' total real estate loans. The concentration of each bank's real estate business in the four-county area is even more pronounced in the category of such loans under $50,000.

2. Lines of credit, September 1960

(265) Defendant PNB had 50 lines of credit under $50,000. Approximately 27 of such lines, equal to about 54%, were to customers in the four-county area. Ex. G-21(8)

(266) Defendant Girard had 186 lines of credit under $50,000. Approximately 170 of such lines, equal to about 92%, were to customers in the four-county area. Gaffey, Tr 173 Ex. G-20(8)

TABLE 8

LINES OF CREDIT $50,000 OR MORE

(based on Ex. G-17(s) and G-18(s))

[add 000 to $ figures]

	Four-County Area	Other Pennsylvania	All Other Areas	Total
	PNB			
Number of lines	573	98	297	[illegible]48
Dollar volume	$343,718	$51,538	$325,952	$721,238
Percent of total:				
Number of lines	58.3	10.3	31.3	99.9
Dollar volume	47.7	7.1	45.2	100.0
	Girard			
Number of lines	435	66	215	71[illegible]
Dollar volume	$278,13[illegible]	$44,0[illegible]	$153,[illegible]	$4[illegible]
Percent of total:				
Number of lines	60.6	9.3	30.1	100.0
Dollar volume	58.5	9.3	32.2	100.0

TABLE 9

ALL LINES OF CREDIT

(based on Ex. D-68)

[add 000 to $ figures]

	Four-county area	Outside four county area	Percent in four county area
PNB	$[illegible]	$[illegible]	41
Girard	33[illegible]	[illegible]	62
Combined	73[illegible]	[illegible]	49

(267) Tables 8 and 9 show that a substantial portion of both banks' lines of credit originates in the four-county area. For lines of credit $50,000 or more, 58.3% of the number of PNB's lines of credit and 60.6% of Girard's are to customers in the four counties.

3. Personal trusts

TABLE 10

(based on Ex. D-69, III)

GEOGRAPHICAL SOURCE OF PERSONAL TRUST BUSINESS BY NUMBER OF ACCOUNTS

Type of Trust Account	Four-county total	All other areas total	Percent in four-county area
	Girard		
Exec'r & Adm'r	254	62	80.3
Tr. under deed	1,552	1,217	56.0
Tr under will	2,270	478	82.7
Guardian	235	15	94.0
Active Life Ins	236	82	74.2
Cemetery Trust	478	9	98.1
Inactive Life Ins	1,252	429	74.4
Investm. Advisory	296	181	62.1
Custodian Acct	386	224	63.3
Pension & Prof Sh	320	97	76.7
Total	7,279	2,789	72.3
	PNB		
Exec'r & Adm'r	119	8	93.7
Tr. under deed	487	35	93.3
Tr. under will	479	3	99.4
Guardian	307	7	97.8
Cemetery Trust	196	0	100.0
Investment Mg'mt	61	8	88.4
Custod'an	102	64	61.4
Pension & Prof. Sh	74	29	71.8
Consultation	1	1	50.0
Misc.	607	1	99.8
Total	2,433	156	94.0

(268) Thus the primary geographic source of personal trust business of each of the defendant banks is the four-county area. The four-county area is the source for over 72% of Girard's personal trust business and 94% of PNB's.

4. Time and savings deposits

TABLE 11

(From Ex. D-30, p. 1)

AMOUNT OF TIME AND SAVINGS DEPOSITS—DAILY AVERAGE FOR JUNE 1960 DISTRIBUTED ACCORDING TO LOCATION OF CUSTOMER

Type of deposit	In four-county area (millions)			Outside four-county area (millions)			Total (millions)			Percent outside four-county area			Percent inside four-county area [1]		
	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total
1. Savings deposits, individuals:															
Under $10,000 each	87.2	100.4	187.6	5.1	2.7	7.8	92.3	103.1	195.4	5.5	2.6	4.0	94.5	97.4	96.0
$10,000 each and over	3.0	.1	3.1				3.0	.1	3.1				100.0	100.0	100.0
Total	90.2	100.5	190.7	5.1	2.7	7.8	95.3	103.2	198.5	5.3	2.6	3.9	94.7	97.4	96.1
2. Time deposits, partnerships and corporations:															
Under $10,000 each	.1	.1	.2				.1	.1	.2				100.0	100.0	100.0
$10,000 and over	6.0	7.0	13.0	4.5	1.8	6.3	10.5	8.8	19.3	42.9	20.5	32.6	57.1	79.5	67.4
Total	6.1	7.1	13.2	4.5	1.8	6.3	10.6	8.9	19.5	42.4	20.2	32.4	57.6	79.8	67.6
3. Time deposits, foreign banks (all over $10,000 each)				13.4	1.7	15.1	13.4	1.7	15.1	100.0	100.0	100.0			
4. Time deposits, domestic banks (all over $10,000 each)	1.0	9.5	10.5		1.3	1.3	1.0	10.8	11.8		12.0	11.0	100.0	88.0	89.0
5. Time deposits, States and political subdivisions (all over $10,000 each)	5.0	3.5	8.5	.3	.2	.5	5.3	3.7	9.0	5.7	5.4	5.6	94.3	94.6	94.4
Total time and savings deposits	102.3	120.6	222.9	23.3	7.7	31.0	125.6	128.3	253.9	18.6	6.0	12.2	81.4	94.0	87.8

[1] Figures in this column have been computed from the percentage figures on the original exhibit supplied by the defendants.

(269) Table 11 proves that total time and savings deposits for each bank separately and for the two banks combined are concentrated in the four-county area, as follows:

	Inside four-county area		Outside four-county area	
	Million dollars	Percent	Million dollars	Percent
PNB	102.3	81.4	23.3	18.6
Girard	120.6	94.0	7.7	6.0
Combined	222.9	87.8	31.0	12.2

(270) Table 11 proves that time deposits of partnerships and corporations for each bank and for the two banks combined are concentrated in the four-county area, as follows:

	Inside four-county area		Outside four-county area	
	Million dollars	Percent of total	Million dollars	Percent of total
PNB	6.1	57.6	4.5	42.4
Girard	7.1	79.8	1.8	20.2
Combined	13.2	67.6	6.3	32.4

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5. Demand deposits

TABLE 12

(From Ex. D–30, p. 2)

AMOUNT OF DEMAND DEPOSITS—DAILY AVERAGE FOR JUNE 1960 DISTRIBUTED ACCORDING TO LOCATION OF CUSTOMER

Type of deposit	In four-county area (millions)			Outside four-county area (millions)			Total (millions)			Percent outside four-county area			Percent inside four-county area		
	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total
1. Demand deposits; individual:															
Under $10,000 each	$47.8	84.9	132.7	.5	9.8	10.3	48.3	94.7	143.0	1.0	10.3	7.2	99.0	89.7	92.8
$10,000 each and over	24.0	45.6	69.6	4.5	9.2	13.7	28.5	54.8	83.3	15.8	16.8	16.4	84.2	83.2	83.6
Total	71.8	130.5	202.3	5.0	19.0	24.0	76.8	149.5	226.3	6.5	12.7	10.6	93.5	87.3	89.4
2. Demand deposits, partnerships and corporations:															
Under $10,000 each	28.3	26.1	54.4	.3	3.0	3.3	28.6	29.1	57.7	1.0	10.3	5.7	99.0	89.7	94.3
$10,000 each and over	245.5	177.2	422.7	140.7	53.3	194.0	386.2	230.5	616.7	36.4	23.1	31.5	63.6	76.9	68.5
Total	273.8	203.3	477.1	141.0	56.3	197.3	414.8	259.6	674.4	34.0	21.7	29.3	66.0	78.3	70.7
3. Demand deposits, foreign banks				[2] 19.0	4.7	23.7	[2] 19.0	4.7	23.7	100.0	100.0	100.0			
4. Demand deposits, domestic banks:															
Under $10,000 each		.6	.6	.4		.4	.4	.6	1.0	100.0		40.0		100.0	60.0
$10,000 or over	14.1	40.5	54.6	154.5	35.8	190.3	168.6	76.3	244.9	91.6	46.9	77.7	8.4	53.1	22.3
Total	14.1	41.1	55.2	154.9	35.8	190.7	169.0	76.9	245.9	91.7	46.6	77.6	8.3	53.6	22.4
5. Demand deposits, U.S. Government	47.0	23.2	70.2				47.0	23.2	70.2				100.0	100.0	100.0
6. Demand deposits, States and political subdivisions	26.7	6.2	32.9	23.8	3.4	27.2	50.5	9.6	60.1	47.1	35.4	45.3	52.9	64.6	54.7
Total demand deposits	433.4	404.3	837.7	343.7	119.2	462.9	777.1	523.5	1,300.6	44.2	22.8	35.6	55.8	77.2	64.4

[1] Figures in this column have been computed from the percentage figures on the exhibit supplied by the defendants.

[2] Includes 0.4 under $10,000.

(271) Table 12 shows the four-county area is the primary source of all demand deposits of each defendant and of the combined banks, as follows:

	Inside four-county area		Outside four-county area	
	Million dollars	Percent	Million dollars	Percent
PNB	433.4	55.8	343.7	44.2
Girard	404.3	77.2	119.2	22.8
Combined	837.7	64.4	462.9	35.6

TABLE 12A

(Compiled from Ex. D-30, p. 2)

IPC DEMAND DEPOSITS—DAILY AVERAGE, JUNE 1960

	Inside four-county area		Outside four-county area	
	Million dollars	Percent of total	Million dollars	Percent of total
PNB	348.6	70.3	146.0	29.7
Girard	333.8	81.6	75.3	18.4
Combined	679.4	75.4	221.3	24.6

(272) Table 12A proves that the four-county area is the primary source of individual, partnership and corporation demand deposits. Over 75% of the combined banks' IPC demand deposits originate from the four-county area.

6. All IPC time and IPC demand deposits, June 1960

TABLE 13

(Ex. D-61, p. 1)

TIME DEPOSITS

I. GEOGRAPHICAL DISTRIBUTION OF DEFENDANTS' SAVINGS AND BUSINESS TIME DEPOSITS

[000 omitted in following $ amounts]

Type of deposit	Savings deposits						Business time deposits					
	PNB		GTCXB		Combined		PNB		GTCXB		Combined	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF DEPOSITOR												
Philadelphia			60,713	58			5,626	53	6,862	77	12,488	64
Bucks, Delaware and Montgomery Counties			39,779	39			518	5	197	2	715	4
Total 4 counties	90,243	96	100,492	97	190,735	96	6,144	58	7,059	79	13,203	68
Rest of 10-county area	2,230	3	1,556	2	4,786	2	716	7			716	4
Rest of 3d F.R.D.	1,846	2	1,149	1	2,995	2	63	1	1,146	13	1,209	6
Northeast U.S. outside 3d F.R.D.							2,934	27	306	3	3,240	16
Rest of U.S.							240	2	89	1	329	2
Foreign							514	5	322	4	836	4
Total	95,319	100	103,197	100	198,516	100	10,611	100	8,922	100	19,533	100

(273) Table 13 proves that the primary geographic source of savings deposits of each bank is the four-county area, from which over 90% of each bank's savings deposits originate.

(274) The same table proves that the primary geographic source of business time deposits is the four-county area, which accounts for 68% of the combined banks' total business time deposits.

TABLE 14

(Ex. D-60, p. 1)

DEMAND DEPOSITS

I. GEOGRAPHICAL DISTRIBUTION OF DEFENDANTS' DEMAND DEPOSITS OF INDIVIDUALS

[000 omitted in following 3 amounts]

	Philadelphia National Bank		Girard Trust Corn Exchange Bank		Combined	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF DEPOSITOR						
Philadelphia	40,844	55	83,703	56	124,547	55
Bucks, Delaware and Montgomery Counties	30,952	40	46,788	31	77,740	34
Total, 4 counties	71,796	93	130,491	87	202,287	89
Rest of 10 county area	1,215	1	4,598	3	5,813	2
Rest of 3d Fed. Res. Dist.	1,288	2	10,397	7	11,685	5
Northeast U.S. outside 3d F.R.D	1,374	2	2,700	2	4,074	2
Rest of U.S.	631	1	1,197	1	1,828	1
Foreign	531	1	92	-------	623	1
Total	76,835	100	149,475	100	226,310	100

(275) Table 14 shows that the primary source of demand deposits of individuals of each bank and of the combined banks is the four-county area, from which 93% of PNB's, 87% of Girard's, and 89% of the combined banks' individual demand deposits originate.

Table 15

(Ex. D-60, p. 2)

DEMAND DEPOSITS, PHILADELPHIA NATIONAL BANK

II. GEOGRAPHICAL DISTRIBUTION OF DEMAND DEPOSITS OF PARTNERSHIPS AND CORPORATIONS

[000 omitted in following $ amounts]

Size of deposit	Under $10,000		$10,000-$49,999		$50,000-$99,999		$100,000-$499,999		$500,000 and over		Total	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF DEPOSITOR												
Philadelphia	15,610	55	22,647	51	14,582	47	51,584	46	110,896	56	215,309	52
Bucks, Delaware and Montgomery Counties	12,966	44	12,366	28	5,622	18	13,386	12	14,440	7	58,489	14
Total 4 Counties	28,576	99	35,013	79	20,204	65	64,970	58	125,336	63	273,859	66
Rest of 10-county area	220	1	1,421	3	1,386	4	5,580	5	13,480	7	22,097	5
Rest of 3d F.R.D.	94	nom.	1,122	3	1,917	6	3,461	3	6,036	3	12,650	3
Northeast U.S. outside 3d F.R.D.			4,917	11	5,771	18	21,665	19	30,308	15	62,456	15
Rest of U.S.			1,489	3	1,923	6	15,408	14	24,138	12	43,119	10
Foreign			124	1	69	1	462	1			655	1
Total	28,890	100	44,086	100	31,270	100	111,546	100	199,298	100	414,785	100

TABLE 16

(Ex. D–60, p. 3)

DEMAND DEPOSITS, GIRARD TRUST CORN EXCHANGE BANK

III. GEOGRAPHICAL DISTRIBUTION OF DEMAND DEPOSITS OF PARTNERSHIPS AND CORPORATIONS

[000 omitted in following $ amounts]

Size of deposit	Under $10,000		$10,000–$49,999		$50,000–$99,999		$100,000–$499,999		$500,000 and over		Total	
	$ Amt.	Per-cent	$ Amt.	Per-cent	$ Amt.	Per-cent	$ Amt.	Per-cent	$ Amt.	Per-cent	$ Amt.	Per-cent
LOCATION OF DEPOSITOR												
Philadelphia	16,078	55	29,697	70	19,963	66	45,961	62	58,659	71	170,258	66
Bucks, Delaware and Montgomery Counties	10,048	35	6,907	16	4,710	15	7,098	9	4,284	5	33,017	12
Total 4 counties	26,126	90	36,604	86	24,673	81	52,959	71	62,943	76	203,275	78
Rest of 10-county area	642	2	928	2	652	2	1,637	3	280	1	4,579	2
Rest of 3d F.R.D.	2,359	8	1,106	3	2,017	7	5,452	7	7,576	9	18,510	7
Northeast U.S. outside 3d F.R.D.			2,772	7	2,270	7	9,289	12	8,645	10	22,946	9
Rest of U.S.			923	1	729	2	4,452	6	2,879	4	8,983	3
Foreign			164	1	179	1	944	1			1,277	1
Total	29,127	100	42,487	100	30,520	100	74,873	100	82,563	100	259,570	100

TABLE 17

(Ex. D-60, p. 4)

DEMAND DEPOSITS, COMBINED

IV. GEOGRAPHICAL DISTRIBUTION OF DEFENDANTS' COMBINED DEMAND DEPOSITS OF PARTNERSHIPS AND CORPORATIONS

[000 omitted in following $ amounts]

Size of deposit	Under $10,000		$10,000 and over		Total	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF DEPOSITOR						
Philadelphia	31,688	55	353,879	57	385,567	57
Bucks, Delaware and Montgomery Counties	22,714	30	68,802	11	91,516	14
Total 4 counties	54,402	94	422,681	68	477,083	71
Rest of 10-county area	862	2	25,814	4	26,676	4
Rest of 3d F.R.D	2,453	4	28,707	5	31,160	4
Northeast U.S. outside 3d F.R.D			85,402	14	85,402	12
Rest of U.S			52,102	8	52,102	8
Foreign			1,932	1	1,932	1
Total	57,717	100	616,638	100	674,355	100

(276) Tables 15, 16, and 17, above, show that the primary geographic source of demand deposits of partnerships and corporations in various size categories for each bank and the combined banks is the four-county area.

(277) Thus, Table 15 shows that from 99% to 58% of PNB's business demand deposits in various size categories originate in the four-county area and that, overall, 66 per cent of PNB's total business demand deposits originate in the four-county area.

(278) Table 16 shows that from 90% to 71% of Girard's business demand deposits in various size categories originate in the four-county area and that, overall, 78% of

Girard's total business demand deposits originate in the four-county area.

(279) Table 17 shows that 94% of the combined banks' business demand deposits under $10,000 and 68% of the combined banks' business demand deposits $10,000 and over originate in the four-county area. Overall, 71% of the combined banks' total business demand deposits originate in the four-county area.

(280) In summary, total individual, partnership, and corporation time and demand deposits of each bank and of the combined banks are primarily derived from the four-county area, as shown in the following from Ex. D-30:

Total IPC time and demand deposits	Inside four-county area		Outside four-county area	
	Million dollars	Percent	Million dollars	Percent
PNB	441.9	73.9	155.6	26.1
Girard	441.4	84.7	79.8	15.3
Combined	883.3	78.9	235.4	21.1

(281) (This number not used.)

7. All time and demand deposits

(282) Tables 11 and 12 show that the four-county area is the primary source of all time and demand deposits of each de-

fendant and of the combined banks, as follows:

All time and demand deposits	Inside four-county area		Outside four-county area	
	Million dollars	Percent	Million dollars	Percent
PNB	535.7	59.3	367.0	40.7
Girard	524.9	80.5	126.9	19.5
Combined	1,060.6	68.2	493.9	31.8

(283) The data in defendants' exhibits introduced into evidence, the data supplied by defendants in the Federal Reserve Board loan surveys of 1955 and 1957 (Exhibits G–9B, G–9C, G–9D, and G–9E), and the data furnished to the Government in response to questions propounded in connection with this case, reveal that an overwhelming proportion of the total banking business of defendants is done in the four-county area.

Brown, Tr. 3815–17
Carter, Tr. 3249–51
Mason, Tr. 3048
Harris, Tr. 2807

(284) It is evident that customers in the four-county area do business with banks which maintain offices in the area to a much greater extent than customers in any other area. This fact taken in conjunction with testimony of defendants' witnesses that the geographic area served by a commercial bank is primarily the area in which the bank has offices, warrants a conclusion that the four-county area is an appropriate market in which the impact of the proposed merger on competition may be tested.

(285) PNB traditionally has been a wholesale bank and it does proportionately more business outside the four-county area than other Philadelphia banks. Thus, the heavy concentration of PNB's business within the four-county area leads reasonably to the conclusion that the other smaller Philadelphia area banks have no lesser shares of their business within the area than PNB. Ex. G-161 Ex. G-57 p. 9 Brown, Tr. 3813 Potts, Tr. 1349

VI. COMPETITION WHICH WOULD BE ELIMINATED BY THE MERGER

A. General

(286) At present there is substantial direct competition between the head offices of PNB and Girard and this competition will be eliminated if the merger is approved. Harris, Tr. 2391

(287) Girard is an active and alert competitor of PNB throughout the area in which PNB has banking offices. Potts, Tr. 1358–1359 Brown, Tr. 2822

(288) Competition between commercial banks in Philadelphia is "fierce" at the present time and will, if the proposed merger is consummated, be "even more vicious." McDowell, Tr. 2938–2939

(289) PNB competes in a variety of ways and on a regular basis to take customers away from Girard, as well as all the other banks in the Philadelphia area, utilizing calls and entertainment, the selling of new services and the bank's stature McDowell, Tr. 2940–2942

or lending limit, and every other competitive advantage available; and as PNB increases its services, it increases its ability to attract these customers and its officers expect to obtain more of these customers as a result.

Brown, Tr. 3811–3812, Ex. G-46

(290) At the time of the application to merge, November 15, 1960, PNB and Girard had the following mutual or common account customers who had deposit balances of $10,000 or more with the two banks or loan accounts of $50,000 or more with the two banks.

Type of account	Number of mutual accounts	Balance	
Checking accounts	292	PNB	$162,820,700
		Girard	$101,752,700
Time accounts	8	PNB	$1,149,400
		Girard	$3,094,000
Savings accounts	36	PNB	$736,400
		Girard	$589,500
Loans	67	PNB	$48,949,000
		Girard	$43,898,000

Worstall, Tr. 1063

(291) The two principal Philadelphia competitors of PNB are Girard and First Pennsylvania Banking & Trust Co.

Brown, Tr. 2821–2822, Ex. D-38

(292) PNB is an active competitor of Girard in the banking services which both banks render.

B. Branches

Beadle, Tr. 876, 882 Sienkiewicz, Tr. 2056

(293) The Philadelphia banks compete to acquire banks in the three contiguous counties. The Philadelphia banks compete to acquire desirable branch sites.

(294) In order to maintain its competitive position Girard believes it must keep a strategic branch system. Beadle, Tr. 884

(295) An important factor to PNB in viewing its relative position in the 69th Street area was the merger of Upper Darby National Bank into Girard. PNB stated: Worstall, Tr. 1068 Ex. G-88, p. 16

> This merger will undoubtedly reduce our competitive ability in the area in that it will add a second bank in the area capable of offering its depositors the convenience of both downtown offices and local offices.

(296) At the time PNB decided to locate a branch at 69th Street a particularly important factor in its decision was the need to have a convenient location to protect and retain existing business. Worstall, Tr. 1067

(297) The 69th Street branch of PNB is located next door to a branch of Girard, another Girard branch is 2.9 miles away, and a third Girard branch is 3.8 miles away. The present PNB office at this address will be closed if this merger is approved. Worstall, Tr. 1060 Ex. G-88, p. 2 Brown, Tr. 2569

(298) At the time PNB applied for the 69th Street branch, it considered its two principal Philadelphia competitors to be The First Pennsylvania Banking and Trust Company and Girard. Worstall, Tr. 1062 Ex. G-88, p. 12e

Worstall, Tr. 1073–1076 Ex. G–89, p. 6 and Ex. B

(299) One of the reasons PNB established the Roosevelt Boulevard office was ~~to serve more efficiently~~ and conveniently the customers it had in the area.

Worstall, Tr. 1072 Ex. G–89, p. 2

(300) Three branches of Girard are within three miles of the Roosevelt Boulevard office of PNB, at distances of 1.6, 2.1, and 2.9 miles respectively.

Worstall, Tr. 1074–75 Ex. G–89, p. 2

(301) PNB's nearest branches to the Roosevelt Boulevard office are 5.5 miles and 4.5 miles away.

Beller, Tr. 3130–3134

(302) In addition to the Girard, which eventually did acquire the Ambler National Bank, the Broad Street Trust Co. and PNB also wanted to acquire the Ambler Bank, and representatives of those banks discussed acquiring the bank with directors of the Ambler National Bank.

Gardner, Tr. 2218

(303) The Suburban Station office of Girard is just one mile from PNB office at 3131 Market Street.

Gardner, Tr. 2219

(304) The Girard has an office 1.25 miles from the Front Street Office of PNB.

Gardner, Tr. 2219

(305) The Erie and Castor Avenue Office of PNB is just one mile from the nearest branch of Girard.

Gardner, Tr. 2220

(306) The Front and Allegheny Office of PNB is only .875 of a mile from the Germantown and Lehigh Office of Girard.

Ridgway, Tr. 1180, Ex. G–111

(307) The Ardmore Office of PNB is proximate to several offices of Girard and

some customers of the Girard reside in the area of the Ardmore office.

(308) Competition between the branches of the PNB and Girard is substantial, as shown by the following: Ex. D-12 Ex. D-12A Ex. D-13 Ex. D-13A Ex. G-57, pp. 45-46, 59-60, 63-64

CITY OFFICES WITHIN 1 MILE OF EACH OTHER

[Add 000]

Girard offices	IPC deposits	IPC loans	PNB offices	IPC deposits	IPC loans
Main office and suburban station.	$211,000	$58,000	Main office	$221,890	$220,678
			421 Chestnut	70,852	51,861
			9th and Chestnut	9,841	421
			3 Penn Center Plaza	4,383	1,207
			3131 Market	9,059	685
2721 Germantown Ave	10,100	3,400	7th and Dauphin	7,532	1,335
			Front and Allegheny	7,472	1,335
2d and Chestnut	28,400	17,300	421 Chestnut	70,852	51,861
3d and Arch			9th and Chestnut	9,841	421
Orthodox and Torresdale	[1] 29,600	[1] 4,300	Erie and Castor	17,798	6,293
427 N. 63d	4,400	2,000	6912 Market	780	311
12th and Spring Garden	11,000	4,100	9th and Chestnut	9,841	421
			3 Penn Center Plaza	4,383	1,207
SUBURBAN OFFICES WITHIN 2 MILES OF EACH OTHER					
Yeadon	11,506	2,900	6912 Market	780	311
Haverford and Essex	5,101	9,000	75 St. James Pl	3,001	2,087
18 East Wynnewood Rd	15,631	5,500	75 St. James Pl	3,001	2,087
6910 Market	21,400	16,900	6912 Market	780	311
Total	348,138	123,400		352,608	286,213

[1] Includes office at 4700 Frankford Avenue.

(309) There is a substantial amount of competition between most of the offices of PNB within Philadelphia and one or more of the offices of Girard. Harris, Tr. 2401

(310) All eleven of the offices of Girard in the City of Philadelphia as shown on Exhibit D-12 are in competition with one or more offices of PNB. Harris, Tr. 2391

(311) All of the branches of PNB and Girard located in Delaware County are at Harris, Tr. 2396

least potential competitors of a branch of the other bank.

Harris, Tr. 2398–99

(312) In Montgomery County, the branch of PNB at 75 St. James Place, Ardmore, is in actual direct competition with the Wynnewood branch of Girard. All other branches of the two defendants in this county are at least potential competitors of a branch of the other bank.

Ex. G–182

(313) Commercial customers with accounts in the following offices of PNB as of November 22, 1960, also had accounts with Girard:

Office of Philadelphia National	*Number of accounts*
Bucks County	6
Chester-Cambridge	5
Montgomery Office	6
Penn Center Office	1
Ardmore Office	1
Gimbels Office	1
Lansdale Office	4
Conshohocken Office	7
Northeast	22
Hatboro Office	3
Total	56

Harris, Tr. 2389–90

(314) The branches of PNB are in substantial direct competition with the branches of Girard in the area of business loans of $50,000 and over.

Ritter, Tr. 3169

(315) In the opinion of the vice president of the consumer credit department of Girard, branches of the Girard which are five miles from a branch of PNB compete with that branch for the making of personal loans.

C. Loans

1. General

(316) PNB competes with Girard for commercial and industrial loans, in single payment loans to individuals, in loans on residential property, in loans on business properties, in loans on securities, in installment loans on automobiles, in installment loans on consumer goods, and in a miscellaneous variety of other loans. Potts, Tr. 1369–1370; Ex. G-57, p. 31

(317) The average rate charged for loans in the foreign department of PNB on November 15, 1960, was 4.849 per cent, and for Girard the average rate was 5.28 per cent. In the area of commercial loans, PNB's average rate was 5.45 per cent and Girard's average rates were 5.18 per cent on collateral loans and 5.26 per cent on other commercial loans. The average rate on loans in PNB's time credit department was 9.95 per cent and the average rate in Girard's consumer credit department was 9.06 per cent. All of the above rates are simple interest rates. Ex. G-89

2. Commercial and industrial loans

(318) Of the total commercial and industrial loans of PNB in the four-county area on October 5, 1955, 78.97 per cent were for $50,000 or less. Of the total commercial and industrial loans of Girard in the four-county area on October 5, 1955, 64.27 per cent were for $50,000 or less. Ex. G-181

Tables 1, 2, 3

(319) PNB and Girard compete actively for commercial and industrial loans of all sizes. Both depend upon the four-county area for the bulk of their business in this important category.

(320) The merger of PNB and Girard would completely eliminate all competition between them in commercial and industrial loans.

3. Loans to individuals, installment and single payment

Satterfield, Tr. 2137
Ex. G-57, Schedule 7

(321) Girard and other Philadelphia banks are competitors of PNB in the consumer credit field.

Ex. G-6(a)
Ex. G-6A

(322) In 1960 PNB had 17 per cent of its total loaned funds committed to loans to individuals for household, family, and other personal expenditures and Girard had 31 per cent of its total loaned funds committed to that category.

Potts, Tr. 1377

(323) PNB and Girard make personal loans; PNB competes with Girard for personal loan business. PNB and Girard are competitors for the consumer credit business.

Potts, Tr. 1377

(324) Both PNB and Girard offer an executive loan service, which is a form of personal loan service; PNB competes with Girard in offering such service.

Satterfield, Tr. 2080, 2084, 2107

(325) PNB will cut its interest rate to meet competition in some cases.

Ex. G-194

(326) On February 20, 1961, the time credit manager of PNB, Mr. Robert Lowry, informed his superior he believed the bank

could raise the interest rate it was charging for financing sales of Sylvan Pools swimming pools "if and when the merger [with Girard] became a reality, and competition between banks eliminated." In this memorandum, Mr. Lowry indicated that PNB's chief competitor for the Sylvan Pool paper had been "the folks from Girard."

(327) Generally the interest rates charged by Girard on equipment loans are higher that those charged by PNB. Officers of the defendants have expressed uncertainty as to which of the two rates should be followed if this merger is approved. In this connection they pointed out to superiors that if the lower of the two rates are to be followed the resulting bank's income will suffer, both on equipment loans and in other categories where rates vary. Ex. G-141 Ex. G-145

(328) The recommendation of the equipment loans task force committee composed of officers of both defendants was that Girard's higher consumer credit interest rates be utilized by the resulting bank rather than the simple interest basis on which PNB makes equipment loans. The committee believed that competition would be such that the merged bank could obtain the higher rate. Ex. G-145

(329) There is intensive interest-rate competition in installment loans, both di- Ex. G-194, Exs. G-231 to G-245

rect and indirect, between PNB and other four-county commercial banks, including Girard.

Dooley, Tr. 3673–3674

(330) The only two banks in Philadelphia that understand and operate effectively with companies in the automobile leasing business are PNB and Girard. Thus, the proposed merger would eliminate the only competition there is between Philadelphia banks for this specialized business.

Tables 4, 5, 6

(331) PNB and Girard compete actively for loans to individuals, both installment and single payment. Both depend upon the four-county area for the bulk of their business in these important areas of commercial bank lending.

(332) The merger of PNB and Girard would completely eliminate all competition between them in loans to individuals, both installment and single payment.

4. Real estate loans

Ex. D-94 Table 7

(333) In September, 1960, PNB had $47,535,000 in real estate loans in the four-county area. This represented 74% of its total real estate loans.

Ex. D-94 Table 7

(334) In September, 1960, Girard had $28,500,000 in real estate loans in the four-county area. This represented 84% of its total real estate loans.

(335) Both PNB and Girard compete actively for real estate loans. Both depend

upon the four-county area for more than 70% of their real estate loans.

(336) The merger of PNB and Girard would completely eliminate competition between them in real estate loans.

D. Trusts

(337) PNB competes with Girard for trust business. Potts, Tr. 1380–1381

(338) Since PNB entered the trust business in 1951, when it acquired the Ninth Bank and Trust Company and that bank's $17-million in trust assets, PNB's trust assets have grown to approximately $400 million. Girard administers approximately $2.5-billion of trust assets. Potts, Tr. 1380–1381

(339) PNB is a potential competitor of Girard in those trust services which it does not now provide. Brown, Tr. 2821

(340) Both PNB and Girard offer common trust fund plans, a very popular form of investment for smaller trust assets. PNB competes with Girard for this type of business. Potts, Tr. 1379–1380

(341) Both PNB and Girard offer estate planning services to individuals. PNB competes with Girard for such business. Potts, Tr. 1378–1379

(342) PNB as of November 15, 1960, had 2,570 personal trust accounts and Girard had 7,755 such accounts for a total of 10,325. In dollar volume, the assets under these trusts amounted to $361,300,000 Ex. G-41; Ex. G-67, p. 117

for PNB and $2,248,206,000 for Girard, or a total in excess of $2,600,000,000.

Potts, Tr. 1381–1382

(343) Both PNB and Girard act as trustees in administering pension and profit-sharing funds for corporations. PNB competes with Girard for this business.

Ex. G–57, p. 118

(344) PNB as of November 15, 1960, had 58 trustee and fiscal agency corporate trust accounts and Girard had 141 such accounts. The number of bond and coupon paying agencies were 65 and 158 for the respective banks, stock transfer agencies were 26 and 57 respectively, and PNB had 18 registrar accounts compared with 52 for Girard.

Potts, Tr. 1379
Brown, Tr. 2822

(345) Both PNB and Girard offer investment advisory services to individuals and corporations. PNB and Girard compete for such business.

Table 10
Ex. D–60

(346) Both PNB and Girard compete actively for trust business. Both depend upon the four-county area for more than 70 per cent of their personal trust business.

(347) The merger of PNB and Girard would completely eliminate competition between them for trust business.

E. Deposits

1. Time deposits

Potts, Tr. 1370; Ex. G–57, p. 31

(348) PNB competes with Girard for time deposits of individuals, partnerships, and corporations, for time deposits of state

and political subdivisions, and for time deposits of banks.

(349) On February 1, 1961, officers of the defendants compared seven existing practices of Girard with the practices of PNB in paying interest and assessing charges on savings accounts. In every instance the practice followed by Girard was more favorable to the bank than the practice of PNB. In every instance it was recommended that the Girard practice or one even more lucrative for the resulting bank be adopted. It was estimated that these practices had resulted in a saving of $138,000 in the interest Girard paid its savings depositors in 1960. Ex. G-143

(350) PNB and Girard compete actively for time deposits. Both depend upon the four-county area for the majority of their time deposits, except from foreign banks. Tables 11, 18

(351) The merger of PNB and Girard would completely eliminate competition between them for time deposits.

(352) PNB and Girard compete actively for time and savings deposits. Both depend upon the four-county area for the majority of their time and savings deposits. Table 11

(353) The merger of PNB and Girard would completely eliminate competition between them for time and savings deposits.

2. Demand deposits

Ex. G-7A (354) As of June 15, 1960, the percentage of each bank's total deposits which were demand deposits was, for PNB, 86.5 per cent; for Girard, 80.6 per cent; and the average for all commercial banks with head offices in the four-county area was 81.2 per cent.

Potts, Tr. 1876 Brown, Tr. 2822 (355) PNB and Girard offer all kinds of checking accounts, including regular checking and special checking accounts. PNB competes with Girard in offering such checking account services.

Potts, Tr. 1488 (356) On November 15, 1960, there were 392 checking accounts in which a depositor maintained a balance of at least $10,000 in either PNB or Girard and also carried a balance in the other; these mutual accounts totaled over $265 million, of which PNB held over $163 million, and Girard over $101 million.

Table 12 (357) Both PNB and Girard compete actively for demand deposits. Both depend upon the four-county area for the bulk of their demand deposits.

(358) The merger of PNB and Girard would completely eliminate competition between them for demand deposits.

Table 12A (359) Both PNB and Girard compete actively for IPC demand deposits. Both depend upon the four-county area for more than 70 per cent of their IPC demand deposits.

(360) The merger of PNB and Girard would completely eliminate competition between them for IPC demand deposits.

F. Other areas of competition

(361) The various service charges assessed by PNB are a significant factor in the bank's ability to retain and attract depositors, especially when the competition is from banks not headquartered in central Philadelphia. These banks may have operating costs unlike the center-city banks; they may also not be as inclined to set charges approximating those of the center-city banks. Ridgeway, 1155-56, 1175-76; Exs. G-102-107, 110-111, 113

(362) The various service charges proposed for PNB and Girard should this merger be approved are either higher than or the higher of those charged by PNB or Girard immediately prior to their application to merge in thirty instances. In four cases the lower of the two banks' existing service charges were selected, in two instances a charge somewhat below the higher of the two existing charges was chosen, and for seven of the charges no change was proposed. Ex. G-45A(8) Giffey. Tr. 820-328

(363) PNB competes with Girard for the business of correspondent banks. Potts, Tr. 1384

(364) Both PNB and Girard offer their correspondent banks various services, including investment advice, clearance of Potts, Tr. 1382-1384

checks, proof transactions, and collection of items.

Potts, Tr. 1374 (365) PNB competes with Girard in offering foreign department services to customers.

Potts, Tr. 1375 (366) PNB operates the largest foreign department of all banks in Philadelphia.

Potts, Tr. 1375 (367) Girard operates the second largest foreign department in Philadelphia.

Potts, Tr. 1373 (368) PNB competes with Girard in offering lock box services to corporate customers.

Potts, Tr. 1378 (369) Both PNB and Girard offer special tuition financing plans to individuals. PNB competes with Girard in offering such service.

Potts, Tr. 1376, 1378 Brown, Tr. 2821 (370) PNB provides a bank credit card service, and Girard provides a ready credit service, which are similar services and competitive.

Potts, Tr. 1370–1371 (371) Both PNB and Girard offer account reconciliation services and compete with each other in offering such services.

(372) Both PNB and Girard compete actively in offering many services to customers in the four-county area and elsewhere.

(373) The merger of PNB and Girard would completely eliminate competition between them in the many services which they both offer.

VII. INCREASE IN CONCENTRATION AS A RESULT OF THE MERGER

A. Increase in banking concentration generally

(374) As of December 31, 1960: (1) the largest 100 banks in the United States representing 0.74% of all commercial banks held $105,837,000,000 of deposits representing 46.2% of the deposits of all commercial banks in the United States, (2) the largest 10 banks representing 0.074% of all commercial banks held $46,436,000,000 of deposits representing 20.3% of the deposits of all commercial banks in the United States, (3) the largest commercial bank in the United States representing 0.0074% of all commercial banks in the United States held $10,285,000,000 of deposits representing 4.5% of the deposits of all commercial banks. Ex. D-53

(375) As of June 30, 1956 in 124 cities with population between 50,000 and 100,000 there were 113 in which the largest bank had 35% or more and 66 in which the largest bank had 50% or more, of the banking resources in the city. Ex. D-46

(376) As of June 30, 1956 in 38 cities with population between 100,000 and 150,000 there were 33 in which the largest bank had 35% or more, and 15 in which the largest bank had 50% or more, of the banking resources in the city. D-46

D-46 (377) As of June 30, 1956 in 13 cities with population between 150,000 and 200,000 there were 11 in which the largest bank had 35% or more, and 3 in which the largest bank had 50% or more, of the banking resources in the city.

D-46 (378) As of June 30, 1956 in 9 cities with population between 200,000 and 250,000 there were 7 in which the largest bank had 35% or more, and 4 in which the largest bank had 50% or more of the banking resources in the city.

D-46 (379) As of June 30, 1956 in 6 cities with population between 250,000 and 300,000 there were 4 in which the largest bank had 35% or more of the banking resources in the city.

D-46 (380) As of June 30, 1956 in 5 cities with population between 300,000 and 350,000 there were 5 in which the largest bank had 35% or more, and 3 in which the largest bank had 50% or more, of the banking resources in the city.

D-46 (381) As of June 30, 1956 in 4 cities with population between 350,000 and 400,000 there were 3 in which the largest bank had 35% or more, and 1 in which the largest bank had 50% or more, of the banking resources in the city.

(382) As of June 30, 1956 in 7 cities with population between 400,00 and 500,000 there were 4 in which the largest bank had 35% or more of the banking resources in the city. D-46

(383) As of June 30, 1956 in 18 cities with population of 500,000 and over there were 10 in which the largest bank had 35% or more, and 4 in which the largest bank had 50% or more, of the banking resources in the city. D-46

(384) As of June 30, 1956 of 224 cities with population of over 50,000 there were 190 in which the largest bank had 35% or more, and 96 in which the largest bank had 50% or more, of the banking resources in the city. D-46

(385) The number of commercial banks in the State of Pennsylvania decreased by 29.9 per cent from 1945 to 1959; the number of commercial banks with head offices in Philadelphia decreased from 45 to 14 in the twenty years 1940 to 1960; the number of independent commercial banks with head offices in the four counties decreased by 61 per cent in the period 1947 to 1960. Ex. G-12 Ex. G-183 Ex. G-185, p. 1

TABLE 18

(Ex. G–196)

[Concentration of deposits, loans, and capital funds of commercial banks in Philadelphia, Bucks, Delaware, and Montgomery Counties, as shown by relative size of 6 largest banks and effect of proposed consolidation of Philadelphia National Bank and Girard Trust Corn Exchange Bank on such concentration as of Oct. 3, 1960]

	Millions of dollars			Relative size (largest equals 100)		
	Total deposits	Total net loans	Total capital funds	Total deposits	Total net loans	Total capital funds
BEFORE CONSOLIDATION						
First Penna B & T Co.	$1,022	$659	$95	100	100	100
Phila. National Bank	987	549	95	97	83	99
Girard Trust Corn Exchange	669	407	75	65	62	79
Provident Tradesmens B & T Co	457	282	58	45	43	61
Fidelity Phila. Trust Co.	431	253	44	42	38	46
Central-Penn National Bank	242	165	25	24	25	26
AFTER CONSOLIDATION						
Phila. National & Girard Combined	1,655	955	170	100	100	100
First Penna B & T Co.	1,022	659	95	62	69	56
Provident Tradesmens B & T Co.	457	282	58	28	30	34
Fidelity Phila. Trust Co.	431	253	44	26	26	26
Central-Penn National Bank	242	165	25	15	17	15
Broad Street Trust Co.	132	99	13	8	10	7

Ex. G–34
Ex. G–35
Ex. G–185, p. 2
Ex. G–196
(See Table 18)

(386) In 1940, six of a total of 45 commercial banks controlled 72.60 per cent of all commercial bank assets in Philadelphia and in 1960, six of a total of 14 commercial banks controlled 91.42 per cent of all commercial bank assets in Philadelphia; the number of commercial banks in Philadelphia decreased by 68.9 per cent in the twenty years 1940 to 1960; concentration of assets of commercial banks has steadily increased in Philadelphia and in the four-county area in the ten years 1950–1960 and the proposed merger would substantially increase such concentration in both Phila-

delphia and the four-county area; the proposed merger would significantly change the relative size relationships among the six largest commercial banks in the four-county area and give the combined bank a substantial competitive lead over all remaining banks in the four-county area.

(387) There were 69 commercial banks in Bucks, Montgomery and Delaware Counties in 1947; in 1956 there were only 39 such banks. Keith, Tr. 1582

(388) The percentage of total bank assets controlled by the four largest banks in the four-county area was 49 per cent in 1947 and 64½ per cent in 1956. Keith, Tr. 1582

(389) Of the 31 banks eliminated through acquisitions in Bucks, Montgomery and Delaware Counties from 1947 to 1956, 14 were acquired by other banks within their own counties and 17 were acquired by Philadelphia banks across county lines. Keith, Tr. 1582–83

(390) In view of the pattern of mergers between commercial banks in the four-county area from 1946 to 1957, further reduction in the number of banks competing in Philadelphia and some of the larger communities in the four counties might significantly lessen competition. Keith, Tr. 1586–87

(391) The increased concentration of commercial banking has made it extremely difficult for the smaller banks to attract a share of the banking business of national type companies; such business normally Clarke, Tr. 889, 893

goes to the large bank which overshadows the others in terms of its size.

Keith, Tr. 1613

(392) In a number of mergers of four-county area banks with Philadelphia banks the terms offered by the latter were so attractive that stockholders of the local institution concluded their investment would be more profitable if they became part of the Philadelphia bank offering to merge than if they continued in their own locality as an independent bank.

Keith, Tr. 1616–17

(393) A Philadelphia bank which succeeds in locating a branch near a business firm located in a suburban area which also relies on downtown Philadelphia banks is in a better position to compete for the loan and other banking business of such a firm than is a Philadelphia bank which does not have such a branch or a much smaller local bank.

Potts, Tr. 1360

(394) At the present time, in terms of total assets, the largest bank in Philadelphia is The First Pennsylvania Banking & Trust Company, the second largest is PNB, and the third largest is Girard.

Potts, Tr. 1459–60

(395) At the present time, there is no difference between the ability of the largest bank in Philadelphia, the First Pennsylvania Banking & Trust Company, and the second largest, PNB, to attract qualified banking specialists and personnel.

(396) The bank resulting from the proposed merger of PNB and Girard would have a lending capacity approximately 78 per cent greater than that of the First Pennsylvania Banking & Trust Company, the nearest Philadelphia bank competitor after the merger. The increase in lending limit would give the proposed Philadelphia Girard National Bank a competitive advantage over First Pennsylvania. Potts, Tr. 1455 Potts, Tr. 1456

(397) The merger of two banks leads to mergers of other banks in the area. DuBois, Tr. 724

(398) A continuation of the merger trend in Pennsylvania would develop into a monopoly. Brumbaugh, Tr. 694

(399) If the merger of PNB and Girard is approved, the remaining Philadelphia commercial banks will find that greater efforts will be required to continue as effective competitors. Harris, Tr. 2378

(400) If the chief Philadelphia competitors of PNB and Girard are to be as vigorous rivals of the combining banks in all phases of commercial banking after the proposed merger as they have been in the past they could be so only by combining with one of the remaining substantial Philadelphia banks.

(401) Not all banks competing in an area are of equal competitive importance; consequently the elimination of a strong aggressive competitor would have a much

greater adverse effect on competition than elimination of a lesser bank even though in either case the number of competitors would be reduced by one.

B. Anticompetitive significance of the merger in light of the share of business done by defendants in the four-county area

1. Branches

Ex. G-1(8) (402) PNB's 27 offices represent 9.5 per cent of the total number of banking offices of all commercial banks with head offices in the four-county area.

Girard's 38 offices represent 13.4 per cent of the total number of banking offices of all commercial banks with head offices in the four-county area.

The combined bank would have 65 offices, representing 22.9 per cent of the total number of banking offices of all commercial banks with head offices in the four-county area.

The next 6 banks combined have 128 offices, representing 44.6 per cent of the total number of banking offices of commercial banks with head offices in the four-county area. These 6 banks all have head offices in Philadelphia County.

Five other commercial banks, one private bank, and two companies with commercial bank charters, all of which have head offices in Philadelphia, operate a total of 22 offices. One private bank, with a head of-

fice in New York, has an office in Philadelphia.

These 9 commercial banks operate a total of 23 offices, representing 8.1 per cent of the total number of banking offices of commercial banks with head offices in the four-county area.

One bank in Montgomery County operates 11 offices, representing 3.9 per cent of the total number of banking offices of commercial banks with head offices in the four-county area. Fifteen other commercial banks, with head offices in Montgomery County, operate a combined total of 33 offices, representing 11.6 per cent of the total number of banking offices of commercial banks with head offices in the four-county area.

Nine commercial banks with head offices in Bucks County operate 15 offices, representing 5.3 per cent of the total number of banking offices of commercial banks with head offices in the four-county area.

In Delaware County there is only one bank with the head office in that county and 9 offices, representing 3.2 per cent of the total number of banking offices of commercial banks with head offices in the four-county area.

(403) The PNB-Girard combined total of 65 offices out of 284 banking offices of commercial banks with head offices in the four-county area represents a significant increase in concentration in the area.

2. Assets

Ex. G-16(8)
Ex. G-8(8)

(404) The PNB, as of June 30, 1960, had total assets of $1,086,147,000, equal to 23.1 per cent of the $4,698,276,000 assets of all commercial banks with head offices in Philadelphia and equal to 21 per cent of the $5,169,361,000 assets of all commercial banks with head offices in the four-county area.

Girard, as of the same date, had total assets of $757,572,000, equal to 16.1 per cent of the assets of all commercial banks with head offices in Philadelphia and equal to 14.7 per cent of the assets of all commercial banks with head offices in the four-county area.

The largest commercial bank, as of the same date, had total assets equal to 25.2 per cent of the assets of all commercial banks with head offices in Philadelphia and 22.9 per cent of the assets of all commercial banks with head offices in the four-county area.

(405) The combination of PNB and Girard would result in a substantial increase in the concentration of bank assets. The combined bank would hold 39.2 per cent of the total assets of all commercial banks with head offices in Philadelphia and 35.7 per cent of the total assets of all commercial banks with head offices in the four-county area.

CHART II

Concentration of Assets of Insured Commercial Banks in Philadelphia as of June 30, 1950 and June 30, 1960 and Effect of Proposed Merger Upon Such Concentration

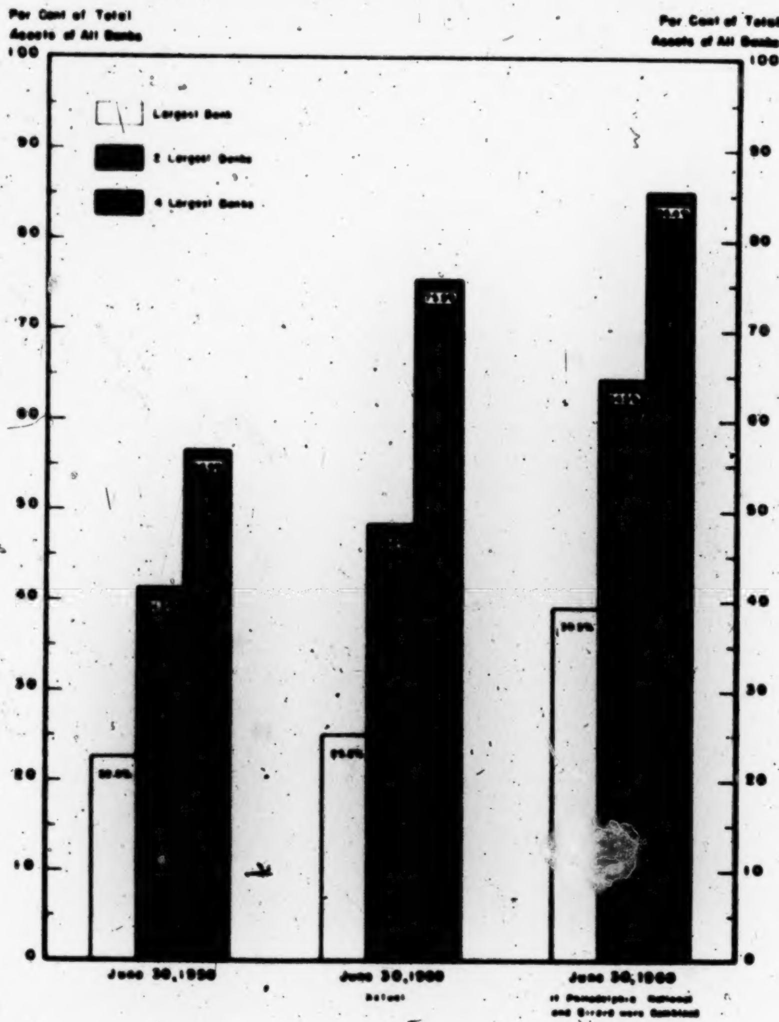
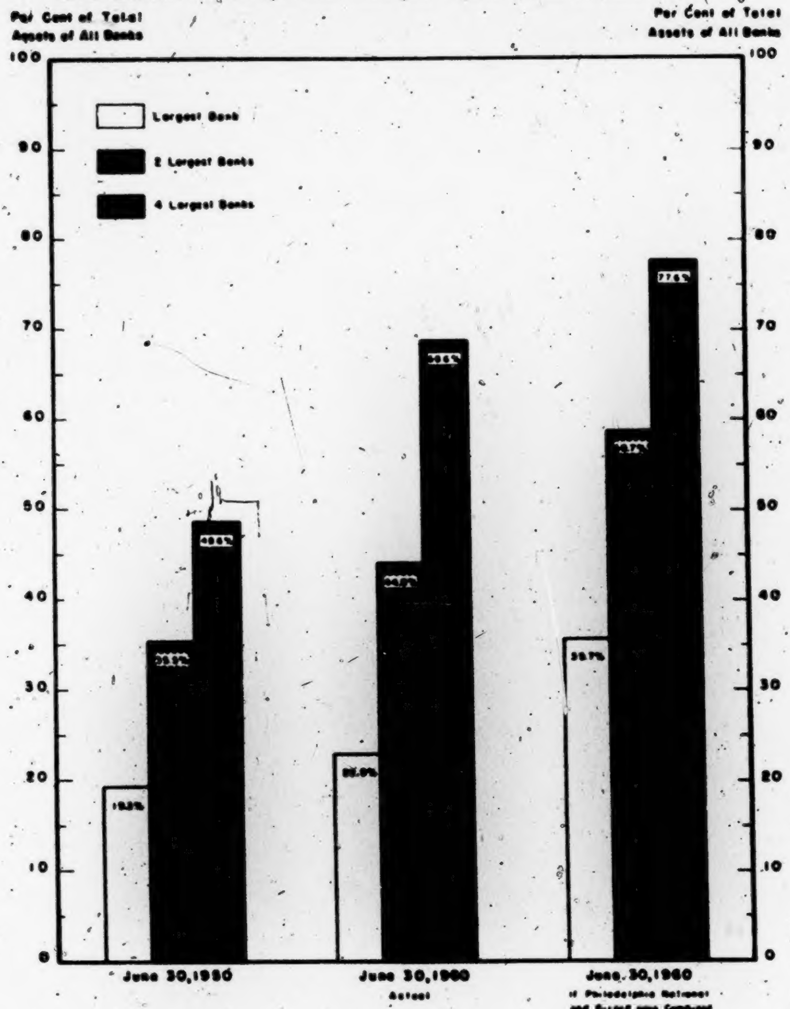


Chart III

Concentration of Assets of Insured Commercial Banks in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania as of June 30, 1950 and June 30, 1960 and Effect of Proposed Merger upon Such Concentration



3. Capital funds

(406) PNB as of Oct. 3, 1960 had total capital funds of $94,590,000, equal to 19.6% of the $482,840,000 capital funds of all commercial banks with head offices in the four-county area. Ex. G-4(8)

The Girard Trust Corn Exchange Bank as of Oct. 3, 1960 had total capital funds of $74,981,000, equal to 15.5% capital funds of all commercial banks with head offices in the four-county area.

The next three largest Philadelphia commercial banks, as of the same date, had total capital funds equal to 19.7%, 12.0%, and 9.0% respectively, of the capital funds of all commercial banks with head offices in the four-county area.

The 38 remaining banks as of the same date had a combined total of capital funds equal to 24.2% of capital funds of all commercial banks with head offices in the four-county area.

(407) The combination of PNB and Girard would result in a substantial increase in the concentration of capital funds. The combined bank would hold more than one-third of the capital funds of all commercial banks with head offices in the four-county area.

4. Loans

(408) PNB, as of October 3, 1960, had total net loans of $548,598,000, equal to Ex. G-5(8)

19.8 per cent of the $2,774,249,000 of total loans of all commercial banks with head offices in the four-county area.

Girard, as of October 3, 1960, had total net loans of $406,660,000, equal to 14.6 per cent of total loans of all commercial banks with head offices in the four-county area.

The next three largest commercial banks in Philadelphia, as of the same date, had 23.8 per cent, 10.2 per cent, and 9.1 per cent, respectively, of total net loans of all commercial banks with head offices in the four-county area.

The remaining banks with head offices in the four-county area, as of the same date, held a combined total of only 22.5 per cent of total net loans of all commercial banks with head offices in the four-county area.

(409) The combination of PNB and Girard would eliminate substantial competition between the banks and would result in a substantial increase in the concentration of total loans. The combined bank would hold approximately 34 per cent of the loans of all commercial banks with head offices in the four-county area.

Ex. G-6(8) (410) PNB, as of June 15, 1960, had Commercial and Industrial Loans of $295,514,000, equal to 25.4 per cent of the $1,161,350,000 of Commercial and Industrial Loans of all commercial banks with

head offices in Philadelphia and equal to 24.3 per cent of the total $1,215,316,000 of such loans of all commercial banks with head offices in the four-county area.

Girard, as of the same date, had Commercial and Industrial Loans of $200,427,000, equal to 17.3 per cent of the Commercial and Industrial Loans of all commercial banks with head offices in Philadelphia and equal to 16.5 per cent of such loans of all commercial banks with head offices in the four-county area.

(411) The combination of PNB and Girard would eliminate substantial competition between the banks and would result in a substantial increase in the concentration of Commercial and Industrial Loans. The combined bank would hold more than 42 per cent of the Commercial and Industrial Loans of all commercial banks with head offices in Philadelphia and more than 40 per cent of such loans of all commercial banks with head offices in the four-county area.

(412) PNB, as of June 15, 1960, had total Loans to Individuals of $85,527,000, equal to 11.8 per cent of the $724,840,000 of total Loans to Individuals of all commercial banks with head offices in Philadelphia and equal to 10.8 per cent of the $788,957,000 of such loans of all commercial banks with head offices in the four-county area. Ex. G-6(S)

Girard, as of the same date, had total Loans to Individuals of $121,165,000, equal to 16.7 per cent of total Loans to Individuals of all commercial banks with head offices in Philadelphia and equal to 15.4 per cent of such loans of all commercial banks with head offices in the four-county area.

(413) The combinaton of PNB and Girard would eliminate substantial competition between the banks and would result in a substantial increase in the concentration of total Loans to Individuals. The combined bank would hold 28.5 per cent of the total Loans to Individuals of all commercial banks with head offices in Philadelphia and 26.2 per cent of such loans of all commercial banks with head offices in the four-county area.

Ex. G-6(B) (414) PNB, as of June 15, 1960, had total Real Estate Loans of $62,865,000, equal to 27.3 per cent of $230,569,000 of total Real Estate Loans of all commercial banks with head offices in Philadelphia and equal to 20.1 percent of $313,020,000 of such loans of all commercial banks with head offices in the four-county area.

Girard, as of the same date, had total Real Estate Loans of $32,708,000, equal to 14.2 percent of total Real Estate Loans of all commercial banks with head offices in Philadelphia and equal to 10.4 percent of

such loans of all commercial banks with head offices in the four-county area.

(415) The combination of PNB and Girard would eliminate substantial competition between the banks and would result in a substantial increase in the concentration of Real Estate Loans. The combined bank would hold 41.5 percent of the total Real Estate Loans of all commercial banks with head offices in Philadelphia and 30.5 percent of such loans of all commercial banks with head offices in the four-county area.

5. Personal trusts

(416) Girard had personal trust assets with a book value of $2,248,206,000, equal to 23.9 percent of the total $9,396,371,000 personal trust assets held by 10 of the 11 commercial banks with head offices in Philadelphia which operate trust departments and equal to 23.5 percent of the total $9,550,066,000 of such assets held by 18 of the 25 commercial banks with head offices in the four-county area which operate trust departments. Ex. D-69, Part II

PNB had personal trust assets with a book value of $361,300,000, equal to 3.8 percent of such assets held by 10 of the 11 commercial banks with head offices in Philadelphia which operate trust departments and equal to 3.8 percent of such assets held by 18 of the 25 commercial banks with head

offices in the four-county area which operate trust departments.

(417) The combination of Girard and PNB would result in a substantial increase in the concentration of personal trust assets in the four-county area. The combined bank would hold about 28 percent of all personal trust assets held by 9 of the 10 commercial banks with head offices in Philadelphia which operate trust departments and about 27.3 percent of all such assets held by 17 of the 24 commercial banks in the four-county area which operate trust departments.

6. Deposits

Jennings, Tr. 3346; Ex. D-48, p. 56; Ex. D-51

(418) Concentration of bank deposits in the five largest Philadelphia banks has increased substantially over the last several decades, in that the five largest commercial banks on December 31, 1920, held 31.6 per cent of total commercial bank deposits in Philadelphia County, 65.4 per cent on December 31, 1934, and 85.1 per cent on December 31, 1958.

Ex. G-2(B)

(419) The Philadelphia National Bank as of Oct. 3, 1960, had total deposits of approximately $986,634,000, equal to 21.3 per cent of the $4,623,007,000 total deposits of all commercial banks with head offices in the four-county area.

The Girard Trust as of Oct. 3, 1960, had total deposits of $668,823,000, equal to

14.5 per cent of the total deposits of all commercial banks with head offices in the four-county area.

The two banks combined would have total deposits of approximately $1,655,-457,000, equal to 35.8 per cent of the total deposits of all commercial banks with head offices in the four-county area.

The next three large commercial banks as of the same date had total deposits representing 22.1, 9.9, and 9.3 per cent, respectively, of the total deposits of all commercial banks with head offices in the four-county area.

The five largest banks thus hold approximately 77.1 per cent of the total deposits of all commercial banks with head offices in the four-county area.

The 38 remaining banks thus have only 22.9 per cent of the total deposits of all commercial banks with head offices in the four-county area.

(420) The combination of PNB and Girard would result in the concentration of more than one-third of all deposits of commercial banks in the four-county area in one institution.

(421) The PNB as of Oct. 3, 1960, had deposits of individuals, partnerships and corporations (IPC deposits) totaling $603,-534,000, equal to 16.8 per cent of the total $3,598,701,000 IPC deposits of commercial Ex. G-2(8)

banks with head offices in the four-county area.

Girard as of the same date had IPC deposits of approximately $560,039,000, equal to 15.6 per cent of total IPC deposits of all commercial banks with head offices in the four-county area.

(422) The combined bank would have total IPC deposits of approximately $1,163,573,000, representing 32.4 per cent of all IPC deposits of all commercial banks with head offices in the four-county area.

The next three large commercial banks as of the same date had IPC deposits representing 21.1 per cent, 10.5 per cent, and 9.9 per cent, respectively, of all IPC deposits of commercial banks with head offices in the four-county area.

The remaining 38 banks with head offices in the four-county area had a combined total of 26.4 per cent of IPC deposits of all commercial banks with head offices in the four-county area.

(423) The combination of PNB and Girard would result in a substantial increase in the concentration of deposits. The combined bank would hold virtually one-third of all deposits of all commercial banks with head offices in the four-county area.

(424) PNB as of June 15, 1960, had total time deposits of $124,325,000, equal to 18.5 per cent of the $670,525,000 of total time deposits of all commercial banks with head offices in Philadelphia and equal to 14.7 per cent of the $843,938,000 total time deposits of all commercial banks with head offices in the four-county area. Ex. G-7(8)

Girard Trust Corn Exchange Bank, as of the same date, had total time deposits of $128,339,000, equal to 19.1 per cent of the total time deposits of all commercial banks with head offices in Philadelphia and equal to 15.2 percent of the total time deposits of all commercial banks with head offices in the four-county area.

(425) The combination of PNB and Girard would result in a substantial increase in the concentration of time deposits. The combined bank would hold 37.6 per cent of the total time deposits of all commercial banks with head offices in Philadelphia and 29.9 per cent of such deposits of all commercial banks with head offices in the four-county area.

(426) Philadelphia National Bank, as of June 15, 1960, had total demand deposits of $796,942,000, equal to 23.5% of the $3,393,752,000 of total demand deposits of all commercial banks with head offices in Philadelphia, and equal to 21.9% of the $3,640,443,000 of total demand deposits of Ex. G-7(8)

all commercial banks with head offices in the four-county area.

Girard, as of June 15, 1960, had total demand deposits of $533,478,000, equal to 15.7% of total demand deposits of all commercial banks with head offices in Philadelphia, and equal to 14.7% of total demand deposits of all commercial banks with head offices in the four-county area.

(427) The combination of Philadelphia National Bank and Girard would result in a substantial increase in the concentration of demand deposits. The combined bank would hold 39.2% of the total demand deposits of all commercial banks with head offices in Philadelphia, and 36.6% of such deposits of all commercial banks with head offices in the four-county area.

Ex. G-7(8) (428) Philadelphia National Bank, as of June 15, 1960, had total IPC demand deposits of $509,561,000, equal to 19.8% of the $2,581,536,000 of total IPC demand deposits of all commercial banks with head offices in Philadelphia, and equal to 18.2% of the $2,798,478,000 of total IPC demand deposits of all commercial banks with head offices in the four-county area.

Girard, as of June 15, 1960, had total IPC demand deposits of $445,201,000, equal to 17.2% of total IPC demand deposits of all commercial banks with head offices in Philadelphia, and equal to 15.9% of such

deposits of all commercial banks with head offices in the four-county area.

(429) The combination of Philadelphia National Bank and Girard would result in a substantial increase in the concentration of IPC demand deposits. The combined bank would hold 37.0% of the total IPC demand deposits of all commercial banks with head offices in Philadelphia and 34.1% of all such deposits of all commercial banks with head offices in the four-county area.

(430) PNB, as of October 3, 1960, had deposits due to banks of $208,012,000, equal to 39 per cent of the total $533,209,000 of such deposits of the six commercial banks in Philadelphia that hold significant amounts of due-to-bank deposits. Rs. 0-8

Girard, as of the same date, had deposits due to banks of $55,099,000, equal to 10.3 per cent of such deposits of the six commercial banks in Philadelphia that hold significant amounts of due-to-bank deposits.

The largest bank, as of the same date, had 33.1 per cent of such deposits of the six commercial banks that hold significant amounts of due-to-bank deposits. The three remaining banks as of the same date, had a combined total of only 17.6 per cent of deposits due to banks.

(431) The combination of PNB and Girard would result in a substantial increase in the concentration of deposits due to

banks. The combined bank would hold more than 49 per cent of the deposits due to banks held by the six banks in Philadelphia that hold significant amounts of such deposits.

C. Prior mergers by defendants and competition eliminated by such mergers

Ex. G-188 (432) A substantial part of the present size of both PNB and Girard has been achieved as the result of mergers and consolidations in the last ten years.

For PNB in the period December 31, 1949, to December 31, 1959, acquisitions and consolidations of other banks accounted for 63 per cent of total deposit growth, 12 per cent of total loan growth, and 59 per cent of total asset growth.

For Girard in the same period, acquisitions and consolidations accounted for 91 per cent of total deposit growth, 37 per cent of total loan growth, and 85 per cent of total asset growth.

Ex. G-197
Ex. G-198 (433) The largest share of the growth of PNB and Girard between Dec. 31, 1949, and Dec. 31, 1959, has been by acquisition of other banks. The extent of this growth

as a percentage of deposits, loans, assets and capital accounts on Dec. 31, 1949, is as follows:

	Deposits	Loans	Assets	Capital accounts
	Percent	*Percent*	*Percent*	*Percent*
PNB				
Growth by acquisition	26	28	26	26
Other growth	15	204	18	24
Total growth	41	232	43	50
GIRARD				
Growth by acquisition	186	170	185	163
Other growth	19	289	33	100
Growth by sale of stock				25
Total growth	205	459	218	288

PNB acquisitions

(434) PNB launched its merger program in 1950 because of management's belief that if PNB was to maintain its position, the quality of its services, and its reputation, it could no longer confine itself solely to the wholesale banking business. Potts, Tr. 1500–1501

(435) The Philadelphia National Bank acquired the Ninth Bank & Trust Company on September 21, 1951. Potts, Tr. 1347–1350 Ex. G–57, p. 17

At the time of its acquisition by PNB, the Ninth Bank and Trust Company competed with PNB in making certain loans to larger corporations in the northeast section of the city of Philadelphia.

Prior to the acquisition of the Ninth Bank & Trust Company in 1951, PNB was not in the so-called retail bank business; PNB was a wholesale bank and at the end of 1950, of its 11,000 to 12,000 accounts, 1,000 accounts were represented by cor-

respondent banks and foreign accounts.

The acquisition in 1951 by PNB of the Ninth Bank & Trust Company marked the entry of PNB into the personal trust business.

At the time of this acquisition, both PNB and the Ninth Bank & Trust Company were engaged in the commercial and industrial loan business and competed with each other with respect to certain industrial corporations and large individual depositors.

Potts, Tr. 1351, 1352, 1402 Ex. G-57, p. 18

(436) The PNB acquired the First National Bank of Conshohocken on September 25, 1953.

The move across county lines by PNB in acquiring the First National Bank of Conshohocken was opposed by various banks in Montgomery and Bucks Counties.

At the time of this acquisition, PNB and the First National Bank of Conshohocken were in direct competition for large corporate and borrowing accounts in Conshohocken.

The larger industrial corporations in Conshohocken maintained accounts in PNB's central city office, 15 or 16 miles distant.

Potts, Tr. 1483 Ex. G-124A

(437) Aggressive expansion programs, including the acquisition of other banks, by the Pennsylvania Company for Banking & Trust (now the First Pennsylvania

Banking & Trust Co.) and the Girard had, by 1953, put these banks in a position to "breathe down the neck" of PNB, thus threatening its claim to being the largest bank in Philadelphia.

(438) PNB used the aggressive expansion programs of its nearest rivals, the Pennsylvania Company for Banking & Trust (now the First Pennsylvania Banking & Trust Co.) and Girard, to justify in part its acquisition in 1953 of the National Bank of Conshohocken when discussing this acquisition with an official representative of the Comptroller of the Currency. Potts. Tr. 1483 Ex. G-126A

(439) PNB acquired the Chester-Cambridge Bank & Trust Company on February 20, 1954. Potts. Tr. 1352 Ex. G-57, p. 18

(440) PNB acquired the First National Bank of Lansdale on February 20, 1954. Potts. Tr. 1353 Ex. G-57, p. 19

At the time of this acquisition, both PNB and the First National Bank of Lansdale competed for the larger corporate accounts in the Lansdale area.

(441) PNB acquired the Montgomery National Bank of Norristown on February 20, 1954. Potts. Tr. 1354; Ex. G-57, p. 19

At the time of this acquisition, both PNB and the Montgomery National Bank of Norristown competed for the commercial and industrial loan business of the larger corporate concerns in the Norristown area.

Potts, Tr. 1355–1356; Ex. G-57, p. 20

(442) PNB acquired The Hatboro National Bank on December 9, 1955.

At the time of this acquisition PNB and The Hatboro National Bank competed for commercial and industrial loan business from corporations in the Hatboro area.

Potts, Tr. 1356; Ex. G-57, p. 20

(443) PNB acquired The Citizens National Bank of Pottstown on December 9, 1955.

At the time of this acquisition PNB and The Citizens National Bank of Pottstown competed in in the commercial and industrial loan area.

Potts, Tr. 1356 1357; Ex. G-57, p. 21

(444) PNB acquired The Delaware Valley Bank & Trust Company on November 9, 1956.

At the time of this acquisition, PNB and The Delaware Valley Bank & Trust Company competed in offering commercial and industrial loans.

Potts, Tr. 1357; Ex. G-57, p. 22

(445) PNB acquired The Gimbel Brothers Bank & Trust Company on July 11, 1958.

At the time of this acquisition, PNB and The Gimbel Brothers Bank & Trust Company competed for savings and personal checking accounts.

(446) The nine acquisitions made by PNB since 1951 added the following offices, loans, and deposits: Ex. G-57, pp. 17-22

Date	Bank	Number of offices	Loans (add 000)	Deposits (add 000)
9-21-51	9th Bank & Trust	5	$6,677	$50,739
9-25-53	1st Natl Bank of Conshohocken	1	3,409	14,890
2-20-54	Chester-Cambridge Bank & Trust	2	6,647	26,978
2-20-54	1st Natl Bank of Lansdale	1	5,627	14,472
2-20-54	Montgomery Natl Bank of Norristown	1	1,788	10,401
12-9-55	Hatboro Natl Bank	1	2,795	9,118
12-9-55	Citizens Natl Bank & Trust of Pottstown	1	3,633	8,478
11-9-56	Delaware Valley Bank & Trust	5	11,502	26,124
7-11-58	Gimbel Bros. Bank & Trust	1	0	11,768

Girard acquisitions

(447) By 1950 Girard decided that a program of bringing a more complete line of services to bank customers in areas not conveniently located near its main office by establishing new branch offices would be too costly and could not be completed in time to achieve the progress in the banking business which Girard desired. Brown, Tr. 2558-59

(448) In 1950 Girard decided that it could rapidly and economically enlarge the retail bank services offered by it and increase the number of offices providing its services by merging with the Corn Exchange National Bank and Trust Company. Brown, Tr. 2559

(449) By 1950 the Corn Exchange National Bank and Trust Company had established 12 offices in Philadelphia and had developed retail bank services such as consumer credit and special checking accounts. Brown, Tr. 2559, 2560, 2562

Brown, Tr. 2563–64

(450) After the Girard Trust Corn Exchange merger was completed in 1951 that bank surveyed the Philadelphia area with a view to establishing offices in sections of the city in which it was not then represented. In furtherance of this purpose Girard merged with the National Bank of Germantown in the Germantown and Chestnut Hill areas in 1953 and with the North Philadelphia Trust Company at Broad Street and Erie Avenue in 1954. When merged both of these banks had only one office.

Ex. G–172

(451) Girard paid premiums for the offices it acquired by merger outside of Philadelphia County.

Brown, Tr. 2565

(452) In order to retain some of its old customers and to attract the banking business of others who were flocking into the Montgomery County area, contiguous to Philadelphia, Girard acquired in 1957 the National Bank of Narberth and the Ambler National Bank, both of which were operating three offices in Montgomery County.

Roller, Tr. 3116, 3125–3141. Ex. G–250 Brown, Tr. 2565–2569 Ex. G–249 Beadle, Tr. 894 Ex. G–57, p. 36

(453) A few months prior to the time the respective boards of directors of the Ambler National Bank and Girard approved the merger of the two banks, and while the two banks were still competitors to some extent, representatives of the two banks discussed the advisability of the Ambler National Bank proceeding to open

a new branch office in a new industrial center; the purpose of this discussion was to determine whether this step would make the Ambler National Bank attractive at a future time as a bank to be acquired by a large Philadelphia bank. The Ambler National Bank subsequently did establish the proposed branch, shortly before its merger with Girard.

(454) One of the reasons Girard acquired the Ambler National Bank was the fact that Fort Washington Industrial Park was being established at the time and a newly created branch of Ambler National in this park presented a chance to participate in the growth of business and population in the area.

Brown, Tr. 2565–66
Ex. G–249
Ex. G–57, p. 26
Beadle, Tr. 894

The offer made to the Ambler National Bank by the Girard in 1955 called for a premium amounting to 89% over the current net worth and 100% over market value of the Ambler National Bank.

In 1955 Girard offered to pay the Ambler National Bank stockholders a premium of $501,836, or 89% of the real net worth of the Ambler National Bank if they would agree to merge with Girard. In terms of the fair market value of the stock of these two banks, the premium offered by Girard was twice the value of the Ambler National stock.

The Ambler National Bank was merged with Girard on October 11, 1957. Ambler National Bank operated offices in Ambler, Flourtown, and Fort Washington.

The Ambler office of Girard does a residential banking business; and serves commercial customers and industrial customers.

Beadle, Tr. 933–936; G–77, p. 6; G–77E, p. 6; G–77C, p. 6

(455) Prior to the merger of National Bank of Narberth with Girard, Girard had existing business in the area served by the three offices of Narberth.

Girard and National Bank of Narberth were competitors in the commercial banking business.

Ex. G–57, p. 27

(456) The Upper Darby National Bank merged with Girard on April 25, 1958.

At the time Upper Darby National Bank was merged with Girard, Upper Darby operated its main office at 6912 Market St. and eleven branches in Delaware County.

Brown, Tr. 3870

(457) All of the banks acquired by Girard were competitors of Girard.

Ex. G–57, pp. 23–28

(458) The six mergers of Girard in the past ten years added the following offices, loans, and deposits:

Date	Bank	Number of offices	Loans (add 000)	Deposits (add 000)
6-15-51	Corn Exchange Natl Bank & Trust	12	$96,702	$288,618
9-11-53	Natl Bank of Germantown & Trust	1	9,781	35,371
1-22-54	No. Phila. Trust	1	5,409	19,146
10-11-57	Natl Bank of Narberth	3	4,467	12,539
10-11-57	Ambler Natl	3	3,568	8,799
4-25-58	Upper Darby Natl	12	22,302	48,311

(459). The wave of mergers in Philadelphia reduced the number of commercial banks from 39 in 1950 to 23 in 1956. Harris Tr 2327

(460) In the foreseeable future, the president of PNB does not know how big a bank is needed to serve the needs of Philadelphia. Potts Tr 1407

(461) PNB and Girard have already made surveys of possible sites for the opening of additional branch offices should the merger be approved. Ex 6 137, Ex 6 142

(462) Girard has been a substantial active competitor in the Philadelphia four-county area and its elimination through merger with PNB will result in a decrease in competitive pressure in the four-county area. The harmful effects of this decrease will be primarily felt by the small and intermediate-size borrowers since they are limited to banks in this area to obtain needed loans.

VIII. OPINIONS SUBMITTED ON THE PROPOSED MERGER UNDER SECTION 18(c) OF THE FEDERAL DEPOSIT INSURANCE ACT, AS AMENDED

(463) Pursuant to the provisions of section 18(c) of the Federal Deposit Insurance Act, as amended (12 U.S.C.A. § 1828 (c)), the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Attorney General were required to submit reports on the competitive factors in-

volved in the proposed merger to the Comptroller of the Currency. These reports were submitted; they have been admitted in this record as Exhibits G-161, G-163, and G-162.

(464) Each of these reports included an analysis of the effect of the proposed merger on banking competition in Philadelphia County and the three contiguous counties of Delaware, Montgomery and Bucks. Both of the banking agencies, as well as the Attorney General, concluded that the proposed merger would have a significant adverse effect on competition in the four county area. The conclusions of these reports are as follows:

A. Federal Reserve Board

Ex. G-161 The Board of Governors of The Federal Reserve System asserted that the four counties of Philadelphia, Delaware, Montgomery, and Bucks is the primary banking area to be considered in appraising competitive factors of the proposed merger and concluded that the merger would alter the present competitive balance between Philadelphia banks to a significant degree. The Board of Governors stated its conclusion as follows:

> The proposed consolidation of two of the three largest banks in the area would substantially lessen both existing and potential competition.

The resulting bank would obtain a dominant position, with attending competitive advantages, strongly adverse to the preservation of effective competition.

B. Federal Deposit Insurance Corporation

The Federal Deposit Insurance Corporation, in summarizing its appraisal of the competitive factors, stated that in Philadelphia and the three contiguous counties in which the Philadelphia banks can have branches, consummation of the proposal ". . . would adversely affect competition to a significant degree." The FDIC stated its final conclusion as follows: Ex. G-168

> Therefore, it is concluded that the effect of the proposed consolidation on competition would be adverse as to Philadelphia and immediate suburbs but not adverse in the regional, national, and international fields of competition.

C. The Attorney General

The report on competitive factors submitted by the Attorney General of the United States concluded as follows: Ex. G-168

> It is the conclusion of this Department that the proposed merger of The Philadelphia National Bank and the Girard Trust Corn Exchange Bank would result in a substantial lessening of commercial banking

competition and a tendency toward monopoly in the ways described above. These adverse competitive effects of the merger would not be significantly offset by the improved competitive position of the resulting bank in relation to the still larger banks in New York and a few other cities.

IX. ANALYSIS OF REASONS ADVANCED FOR THE MERGER

A. Main reasons set forth by defendants

Increased lending limit and resources

Brown, Tr. 3788, 3790

(465) PNB and Girard believe that by merging they will be able to increase the total deposits and lendable funds in Philadelphia through an increase in their financing of so-called national and international companies. As a result, they believe, they will have more money to meet the expanding credit needs of business and individuals in the Philadelphia area.

Brown, Tr. 2718

(466) The chief purpose the president of Girard envisioned in seeking to merge with PNB was the increase of deposits in Philadelphia banks which he thought would result from the enlarged bank's ability to attract regional and international business and keep Philadelphia business from going elsewhere for banking accommodations.

Brown, Tr. 2718

(467) The president of Girard considered that the extensive time and effort ex-

pended by Philadelphia banks each year in seeking to attract business away from their local competitors had resulted in little if any net gain for any of the banks.

(468) Defendants believe PNB-Girard combined would have the necessary capital resources to build business, improve personnel, increase advertising, establish specialized advisory departments, and better publicize the advantage to businessmen of establishing plants in the Philadelphia community. In their view PNB and Girard separately do not have the resources to be able to do all of these things. Brown. Tr. 2720–21, 2715

Foreign department operations

(469) PNB and Girard hope that through merger they will be able to expand the operations of their foreign department and in particular secure a larger share of the banking business connected with the port of Philadelphia. Ex. G–57, pp. 7–10

Competition from New York

(470) PNB and Girard believe that through merger they will be better able to compete with the larger banks in nearby New York City for the business of large companies especially those located in or near Philadelphia. Ex. G–57, pp. 7–10

B. Analysis

(471) PNB and Girard are both substantial, well-run financial institutions. Goodman, Tr. 2029

Keith, Tr. 1603–05 (472) Although PNB and Girard as well as other Philadelphia banks which have participated in previous mergers have asserted that desire to reduce expenses is one reason they wish to merge, the best evidence is that no significant economies have ever been achieved through such mergers.

Potts, Tr. 1500–01 Goodman, Tr. 2048 (473) Relatively speaking, the middle-income group is becoming a more stable source of deposits and loans for commercial banks than are large business accounts.

Potts, Tr. 1860 (474) Both PNB and Girard are in strong financial condition at the present time and the decision to merge the two banks was not based on financial necessity.

1. Need for a Philadelphia bank with a larger lending limit and resources

a. *PNB's larger loans*

McDowell, Tr. 2854–2878 Ex. D–26 (475) The customers listed on D–26 comprise all those to which PNB has extended its maximum line of credit of $8,000,000 as of the date of the exhibit; but only 10 of these had made average commercial loans of $1 million or more from PNB in 1960, six had made loans under $1 million, and 10 had made no loans at all from PNB. In addition several of the customers had not borrowed from PNB for the past several years, a few had made no use of the lending facilities of the bank for as much

as 15 years, and one had not borrowed from the bank since 1925.

(476) The borrowing needs of many, if not all, of the customers listed on D-26 are such that even with the $15 million lending limit of the proposed merged bank, these needs could not be met without the participation of banks in other cities. McDowell, Tr. 2888

(477) The executive vice president and senior lending officer of PNB testified that ten of the 27 companies listed on exhibit D-26 would take or would want the higher lending limit of the new bank if the proposed merger is consummated. Of these ten, four now have lines of credit with both PNB and Girard (16, 17, 22 and 24 on D-26 and H, AA, V and I in D-40). Should the merger be consummated, the largest amount by which the line of credit of any of these four could be increased would be $3 million for #17 on D-26 (which is AA on D-40) and this customer already uses 15 banks in 8 cities in addition to its banking connections in Philadelphia. McDowell, Tr. 2879-2890 Ex. G-200, p. 4

(478) PNB performs various specific services for each of the so-called national customers listed on exhibit D-26, which are directly related to the extensive business activities conducted in and around Philadelphia County by each customer; these services justify the large balances main- McDowell, Tr. 2854-2878; 2949-2953; 2957

tained by the listed customers. These services, primarily local in nature, include check collections, the supply of currency and coin, credit information, money wire transfer, lockbox service, account reconciliation, and payroll accounts.

Potts. Tr. 1415–1418 (479) A total of only five borrowers within the year 1960 obtained loans from banks in New York or other cities due to the low lending limits of Philadelphia banks; however, none of these borrowers as of 12/22/60 had exhausted the existing line of credit which each had with both Girard and PNB.

Potts. Tr. 1489 (480) As of December 22, 1960, only two of the loans outstanding at PNB were at the lending limit ($8,000,000) and there were no outstanding loans at the lending limit of Girard.

Ex. G-146 Ex. G-147 (481) PNB, in the last five years, has had requests for loans or lines of credit in excess of its lending limit to one borrower in only five instances, involving three customers of PNB. In three of those instances PNB either gave participations to other banks or helped arrange with other banks so that the full amount of the request was made available.

b. PNB's larger lines of credit

Potts. Tr. 1490 (482) As of December 22, 1960, there were only 16 lines of credit extended by PNB to the maximum which could be

granted ($8,000,000) and there were only 4 lines of credit extended by Girard to the maximum which could be granted ($6,000,000).

(483) Of the 27 customers of PNB in 1960 with lines of credit of $8,000,000 or over, 20 have headquarters or large plants in the four-county area, 1 is in Chester County, Pennsylvania, 1 in Bryn Mawr, Pennsylvania, 1 is in Camden, New Jersey, 1 in Baltimore, Maryland, 1 in Wilmington, Delaware, and for two of the companies the record does not show whether or not they have substantial operations in the Philadelphia area. MacLaren, Tr. 2504-10

(484) The multiplicity of services, including payroll services, which PNB performs for the twenty-seven companies with $8,000,000 or larger lines of credit with PNB helps these customers to carry on their substantial operations in the Philadelphia area, and therefore these companies carry average deposit balances with PNB far in excess of what would be required as a compensating balance against a loan. MacLaren, Tr. 2518 Smith, Tr. 3937-38

c. PNB participations in loans beyond its lending limit

(485) When Pennsylvania Power & Light (PP&L) borrowed $27,000,000 in March, 1960, from nine banks, it invited certain Philadelphia banks to share in the loan; upon this invitation PNB loaned Oakes, Tr. 3741-3742

[fol. 6778]

PP&L $850,000 as part of the $27,000,000 loan. This has been PP&L's largest loan from PNB.

McDowell, Tr. 3020–3024 Ex. G–200, p. 6 Ex. G–245, App. 72

(486) All of the customers identified on Exhibit D–26 are national customers in that they do business on a national scale, and all of them have banking connections in many different areas of the country. For example, #24 on Exhibit D–26 (which is I on Exhibit D–40) uses around 600 banks in all parts of the country. Thus, it is clear that such customers do not expect or desire to satisfy all their banking needs from just one bank or even a few banks.

Halpin, Tr. 765–66 Ex. G–67

(487) In a number of cases PNB has participated with other banks under a written agreement making loans which in total exceed PNB's lending limit or even the lending limit of any bank as well as loans which are well within PNB's limit. The interest rates on these loans vary.

d. Girard's larger loans and lines of credit

Brown, Tr. 3812

(488) The president of Girard could recall no occasion in the past ten years in which his bank had to refuse a request for a loan because it was in excess of Girard's lending limit.

Brown, Tr. 3843

(489) When the customer who is identified by the letter "G" on Exhibit D–40 requested a line of credit of $7 million, $1 million in excess of Girard's legal lending limit the president of Girard met that re-

quest by arranging with another commercial bank for the additional credit needed.

(490) On only one occasion since January 1, 1956, has Girard been asked to make a loan or extend a line of credit in excess of its lending limit. Ex. G-199

(491) On at least one occasion Girard was asked by a transmission company to arrange a $6 million line of credit with various banks the company did business with. Brown, Tr. 2735

(492) In addition to making loans to the customers listed on Exhibit D-40, Girard provides other services including payroll and corporate trust services for many of those customers. Brown, Tr. 2833-2835, 2844

(493) All twenty-seven of the customers of Girard listed on Exhibit D-40 as holding the largest line of credit from the Girard, with the possible exceptions of customers "G" and "Z", either have their main office in the Philadelphia area or maintain substantial operations in that area. Brown, Tr. 2830-33

e. Girard participations in loans beyond its lending limit

(494) Girard was the lead bank in a $12,000,000 loan dated May 18, 1955, to PP&L shared by ten banks (four in New York City, one in Pittsburgh, and five in Philadelphia including PNB) because it had been the principal banker for Pennsyl- Oakes, Tr. 3719-3720 Brown, Tr. 2735-36

vania Water & Power Company which merged with the PP&L and this loan arose out of that merger transaction.

Brown, Tr. 2647–60 Ex. G–69

(495) Of the 16 instances selected at random from Girard records of loans in which the Girard participated with other banks, eight of the participations were with one or more other Philadelphia banks.

2. The proposed lending limit and the needs of large borrowers

a. *Analysis of borrowing requirements of large companies*

Carter, Tr. 8260

(496) The vast majority of bank customers would be served just as well by a $10 million bank as by a $10 billion bank; convenience and quality of service are more important factors than the size of the bank.

Ex. G–57, p. 38 Ex. D–25 MacLaren, Tr. 2263 Ex. D–24

(497) The merger itself would not increase the aggregate lending limit of all Philadelphia banks. If the merger is approved, defendants propose to raise the lending limit by $1,000,000 by the sale of 98 7/16 new shares and the transfer of funds from undivided profits. This would increase the aggregate lending limit of all Philadelphia banks by 2.55 per cent.

Horan, Tr. 8174, 8190–8191, 8199

(498) In the opinion of the chairman of the Broad Street Trust Company, ninety per cent of the businesses in the United States, and in Philadelphia, could be accommodated by a bank the size of the Broad Street Company, which has a limit of $1,200,000.

(499) The lending limit of Central Penn is $2,139,000, and this limit has been adequate to accommodate customers except on occasions. Sienkiewicz, Tr. 2052

(500) Both Girard and PNB offered to acquire the Ambler National Bank during the year 1955, but each offer was rejected because the officials of the Ambler National Bank felt that their bank was doing a good job for its community and its customers. Reller, Tr 3134–3135

(501) The Philadelphia Industrial Development Corporation has not detected any detrimental effect on the economy of the Philadelphia area caused by the absence of a bank in Philadelphia as large as PNB and Girard combined. Graves, Tr. 3893

(502) The president of Girard knows of no business which would move to Philadelphia if the city had a larger bank or which would not consider moving to Philadelphia because of the present limitations of Philadelphia banks. Brown, Tr. 3796–3797

(503) The expansion or growth of the Sun Oil Company has not been hindered by the lending limit of any Philadelphia bank. Wilson, Tr. 3662

(504) Bankers Securities Corporation's outstanding loans, as of May 1961, from the following Philadelphia banks were all well within the lending limit of each bank: PNB, Girard, Provident Tradesmens, and Amsterdam, Tr. 3638–3639 Ex. G-255, p 2

the First Pennsylvania Banking & Trust Co.

Merriwether, Tr. 3561, 3590

(505) The unusual and rapid growth of Rohm & Haas Company, which multiplied itself ten times in size between 1939 and 1958, has not been adversely affected by the lending limits of the Philadelphia banks.

Merriwether, Tr. 3572, 3587–3590
Ex. G–252
Ex. G–253

(506) Rohm & Haas Company has not borrowed from New York commercial banks for twenty years. Rohm & Haas Company presently has a total credit line from five Philadelphia banks of $20 million, including credit lines of $8 million and $5 million from PNB and Girard respectively; the highest total loan from these five banks was $4.8 million in 1958 and the highest loan from one bank (PNB) was $1,875,000. Rohm & Haas Company has had no bank loans since September 1958.

Merriwether, Tr. 3592–3593
Ex. G–252
Ex. G–253

(507) During the period 1956 to 1960, Rohm & Haas Company's borrowing requirements from commercial banks have been adequately met by the Philadelphia banks, and at the present time its $20 million total lines of credit with five Philadelphia banks is more than ample to cover the maximum bank loan Rohm & Haas has had.

Merriwether, Tr. 3581

(508) Rohm & Haas Company expects to finance its proposed future construction programs out of cash on hand and future earnings.

(509) Of the twenty-seven customers listed on exhibit D-26 as having a line of credit of $8 million or more with PNB, nine are also among the twenty-seven customers holding the largest lines of credit from Girard as given on exhibit D-40. Brown, Tr. 2844-45

(510) The senior vice president of the Republic National Bank of Dallas knows of no company borrower for which an $8 million lending limit is inadequate but for which a $15 million lending limit is adequate. Jennings, Tr. 3387-3388

(511) The number of the existing or potentional customers of the Philadelphia National Bank that might require a lending limit in excess of $8 million would be a very small percentage of its total number of borrowers. Jennings, Tr. 3388

(512) PP&L's bank loans on December 31, 1960, totaled $35,000,000 and the original amounts of these loans were held by Chase Manhattan Bank ($15,000,000), Mellon National Bank & Trust Company ($15,000,000), Irving Trust Company ($2,500,000), and Girard Trust Corn Exchange Bank ($2,500,000). Ex. G-246

(513) PP&L foresees no bank loans for its construction program in the 1961-1965 period. Ex. G-247, p. 7

(514) The five largest banks in Philadelphia have a combined lending limit of about $30,000,000, yet PP&L's largest total Oakes, Tr. 3742-3745; Ex. G-246

borro..ings at any one time in recent years from Philadelphia banks were $7,500,000, even though all the major Philadelphia banks regularly solicit the company for business.

Oakes, Tr. 3745

(515) At any one time in recent years there would have been available to PP&L from the five largest Philadelphia banks additional lending capacity of $22,500,000.

Amsterdam, Tr. 3634

(516) Out-of-town banks which contact Bankers Securities Corporation in Philadelphia do so because they are located in communities in which Bankers Securities Corporation also has a store or one of its other enterprises and the banks in those communities communicate either about a specific problem or business opportunity in their own areas.

Harris, Tr. 2428

(517) From his years as a director of a Philadelphia bank and as a member of the Pennsylvania State Banking Board, Professor W. Carlton Harris had no knowledge of any industry which decided not to locate a plant in Philadelphia because it claimed any Philadelphia bank had an inadequate lending limit.

Brown, Tr. 2720–21

(518) PNB and Girard, if merged in one institution, will not be able to encourage businessmen to establish plants in Philadelphia because of its increased lending limit.

(519) Central-Penn's president did not know of any business which has not come to Philadelphia nor of any business which has come to Philadelphia because of the lending limits of banks in Philadelphia. Sienkiewicz, Tr. 2053–2054

b. *Participations are common*

(520) It is quite common for commercial banks to make loans in excess of their lending limit by participating with other banks, usually correspondent banks. This normally has no adverse effect on the bank-customer relationship. Forlines, Tr. 402 Sienkiewicz, Tr. 2053 Mason, Tr. 3073–74 McDowell, Tr. 3020

(521) Liberty Real Estate Bank & Trust Co. has never been turned down by the Philadelphia National Bank on a loan participation which it has requested. Mason, Tr. 3080–3083

(522) The Industrial Trust Company has participated in many loans with other banks, including New York banks, and has had a successful experience in such participations. Weinrott, Tr. 3103

(523) Where over $2 million has been sought by a borrower, Central-Penn has arranged a participation and this is a common practice among banks in such circumstances. Sienkiewicz, Tr. 2052–53

(524) Philadelphia National Bank offered to other banks in 1959 participations in 115 loans, none of which was in excess of Philadelphia National's lending limit. Tr. 3015

(525) PP&L would not like to arrange loans with a small number of banks nor Oakes, Tr. 3717–3718

would it want to deal with too many banks on a loan; the company prefers to have a good representation from the banks with which it normally deals.

Carter, Tr. 3240–3242

(526) In arranging a participation loan for $75 million, shared by 30 to 35 banks, the Radio Corporation of America allocated portions of that loan to banks as follows: (1) banks which served the company's various manufacturing locations were invited to participate; (2) some banks with long-standing relationships, such as the First Camden National Bank, were offered the full amount of their lending limit; (3) large banks were allocated an arbitrary amount, generally below their legal lending limit. In this allocation by RCA, the amount allocated to an individual bank was not necessarily proportioned to the lending limit or size of the bank.

Carter, Tr. 3240–3242

(527) A large corporation does not necessarily allocate shares of a loan according to the lending limits of large banks, but takes into account as one element the lending limit of the banks participating in the loan.

Potts, Tr. 1460

(528) The most important benefit of the proposed merger to the two banks involved is increased prestige.

Potts, Tr. 1403–1405

(529) In 1954, a group of eight Philadelphia banks, including PNB, First Pennsylvania Company, Girard, Fidelity-

Philadelphia Trust Company, and Provident Trust Company—formed a pool to help finance improvements in the City of Philadelphia, primarily in the Penn Center development. The combined lending limit available from the pool was approximately $22 million; several loans were made from this pool to various construction groups.

(530) Frankford Trust Company does a $45,000,000 business in construction loans, and many of its construction loans run more than $1,000,000. Its lending limit is $330,000. The only way in which it can provide the amount of the loan above its lending limit is to ask other banks to participate. Twist. Tr. 3545–3547

(531) In the past ten or twelve years Frankford Trust Company has been obtaining almost all of its construction loan funds through participations of PNB and Girard; only token participations are participated to a New York bank. Twist. Tr. 3547

(532) Of fifteen loan participations under written agreement selected at random from the records of PNB, seven involved participations by other Philadelphia banks. Girard was among the participants in six of those cases, and in three cases no fewer than four Philadelphia banks participated. Ex. G–67

(533) Of sixteen loan participations selected at random from the records of Ex. G–69

Girard, eight involved participations by one or more Philadelphia banks. PNB was among the participants in six of those cases, and in four of those cases only Philadelphia banks participated.

3. The effect of larger lines of credit on the availability of lendable funds in the four-county area

Smith, Tr. 573-74 Potts, Tr. 1408-09A Brown, Tr. 2720-21 Harris, Tr. 2811 MacMillen, Tr. 1243, 1245

(534) The local availability of banking facilities is not an important factor in the decisions of industry to establish operations in a particular area. Factors which are important in industrial location include: transportation cost for raw materials and for shipments to markets, proximity to an industrial complex within which the particular industry can operate, cost and availability of labor, and similar factors.

Smith, Tr. 576, 578

(535) Neither of the two published surveys which have been made of the factors actually considered by businessmen in deciding to establish operations in a particular area even mention the availability or non-availability of banking facilities in that area.

Graves, Tr. 3900

(536) In those instances in which industrial concerns have shifted their operations from Philadelphia, they have moved to new markets in areas where the economy is growing more rapidly.

Graves, Tr. 3899

(537) Business which leaves Philadelphia generally moves to the South, the areas of the Middle West not yet fully de-

veloped, or the Far West. None has moved to the New York area.

(538) The slow growth of bank deposits in Philadelphia as contrasted with the average growth for the United States is unrelated to the lending activities of Philadelphia banks. Rather, the reason for this slow growth lies in the fact that economic activities generally in older and settled parts of the country are growing less rapidly than in the newer areas of the South and West. For this reason bank deposits in New York as well as Boston have also been growing more slowly than the national average. Harris, Tr. 2374–75 Smith Tr. 3954–59

(539) The proportion of loans made by Philadelphia banks to customers outside the local area is among the six highest for the United States. This fact probably explains to some degree the relatively slow growth of bank deposits in the four-county area. Relatively slow growth in deposits is also true of several financial centers other than Philadelphia, including New York City. Smith, Tr. 618

(540) The Pennsylvania Power & Light Company expects that as its business grows and its deposits in Philadelphia banks grow, the Philadelphia banks would thereby be entitled to a greater proportion of the total borrowing the company may do; but this is a normal result of the expected Oakes, Tr. 3718

growth of the Pennsylvania Power & Light Co.

Oakes Tr. 3767–3768; G–247, p. 15

(541) Of the $140 million planned for construction of new plants or facilities in the next five years by PP&L, none will be spent in the counties of Philadelphia, Delaware, Montgomery or Bucks; the company does not operate in any of these four counties.

Brown, Tr. 3810

(542) Girard normally requires that borrowers maintain 20 percent of their loan as a deposit with the Girard.

Potts, Tr. 1442–44
Goodman, Tr. 1778
MacLaren, Tr. 2265
Smith, Tr. 613–14
Clarke, Tr. 387–8, 390

(543) Commercial banks seek to obtain from a commercial borrower a deposit of 10% of a line of credit and 20% of a loan, but are not always successful in obtaining such a deposit.

Oakes, Tr. 3785–3737, Ex. G–246

(544) PP&L does not have any formal line of credit with any bank, although banks volunteer lines of credit to PP&L, just as they do to other potential customers; such lines of credit do not, however, result in the creation of any deposits.

Brown, Tr. 2840

(545) Approximately 50% of the commercial lines of credit extended by Girard are offered by the bank itself without any request having been made by the holder of the line.

Brown, Tr. 2844

(546) Some of the lines of credit extended by commercial banks such as PNB are "complimentary" lines rather than genuine "lending" lines of credit.

(547) It is quite doubtful that expansion of the lending limit of a Philadelphia bank would induce very many corporations to open lines of credit in Philadelphia and it is even more doubtful whether they would increase their deposits in the Philadelphia bank. Smith. Tr 581

(548) As of September 21, 1960, the loans outstanding from PNB to holders of formal lines of credit of $50,000 and over were 34.6% of the sum of those lines of credit. Smith. Tr. 3932

(549) If a commercial bank, by obtaining a larger lending limit, reorients its lending activities toward the national credit market or the regional credit market and away from the local area, the supply of credit in the local area would be somewhat smaller and interest rates would therefore tend to go up. Smith. Tr. 615

(550) As a result of the expansion of the lending limit of PNB and Girard and the opening of additional lines of credit due to that expansion, the supply of credit available in Philadelphia will be somewhat reduced rather than expanded and interest rates in Philadelphia, particularly for small local borrowers, will tend to rise. Smith. Tr. 616, 638

(551) The essence of the testimony of Professor Warren L. Smith regarding the net effect on the availability of credit for Philadelphia borrowers to be expected Smith. Tr. 616–17

from the proposed merger is that if the additional deposits attracted to Philadelphia banks to support expanded lines of credit do not exceed the loans made under those lines and spent outside the Philadelphia area, the Philadelphia area is bound to suffer a reduction in the funds available for local borrowers.

Smith. Tr. Ex. G-60 3932 (552) Assuming that customers who would obtain additional lines of credit from the merged bank would borrow on the average 35 percent of the amount of those increased lines and would maintain deposits of 10 percent of the new lines, the net supply of funds available to Philadelphia borrowers would be reduced by approximately 27 percent of the increased lines of credit.

Smith. Tr. 3969 (553) The net effect of increasing the lines of credit offered by Philadelphia banks on the availability of bank credit in Philadelphia is unaffected by the fact that banks in other parts of the country are constantly making loans which to some extent result in additions to Philadelphia bank deposits. This is so because this process occurs irrespective of the amount of the credit lines Philadelphia banks offer.

Smith. Tr. 3935 (554) The customers of PNB listed on Exhibit D-26 and the customers of Girard listed on Exhibit D-40 made relatively slight use of their credit lines with defend-

ants in 1960, and their decisions to maintain banking connections and deposits with the defendants were not importantly related to any need of theirs to increase lines of credit.

(555) In fact the ratio of their deposits to their loans and lines of credit far exceeded the average deposits in connection with loans and lines which the presidents of both defendants testified might be expected. Smith, Tr. 3936

(556) If the customers listed on Exhibits D-26 and D-40 were interested in increasing their credit lines and were not receiving from defendants local services that could not adequately be provided by banks outside of Philadelphia, they would transfer their banking connections to New York or other centers having banks in which their deposits would support larger lines of credit. Smith, Tr. 3936

(557) It is most unlikely that the merged bank would be able, as a result of increasing lines of credit to them, to attract additional customers whose deposits and loans would follow the pattern of the customers listed on Exhibits D-26 and D-40. Such additional customers would more probably maintain lower deposits and make more intensive use of the lines of credit made available by reason of those deposits. Smith, Tr. 3937, 3961-62

Andrews, Tr. 3609, 3614–15

(558) Triangle Publications has not transferred and will not transfer its various service accounts from other banks to its borrowing bank or banks, because it maintains these accounts in areas in which it has local operations. Thus, any increased use of the larger lending limit of the proposed merged bank would not bring along additional deposits of Triangle Publications in excess of those maintained because of the lending relationship.

McDowell, Tr. 2854–2878; 2862–2863

(559) The customers listed on Exhibit D-26 are generally infrequent users of PNB's lending capacity, and the operating services performed by the bank in connection with the local business activities conducted by the customers in and around Philadelphia County have a more direct effect on the size of deposits carried by these customers with PNB than does the grant of a line of credit or the actual borrowing relationship between the customers and the bank.

Smith, Tr. 3966, 3972

(560) Assuming that whatever additional customers PNB and Girard combined might attract through an increased lending limit would maintain the highly favorable proportion of deposits to loans and lines of credit which the customers on Exhibit D-26 have, the net increase in the availability of bank credit resulting from additional lines of credit would still be

only about 15 percent of the amount of those lines.

4. If the merged bank's increased lending limit does give it greater ability to compete with larger banks, it will necessarily give it a competitive advantage over other Philadelphia banks

(561) An increase in lending limit from $8 million to $14 million or $15 million would give the proposed merged bank a competitive advantage over First Pennsylvania Banking & Trust Company, the next largest Philadelphia bank competitor after the merger. Potts. Tr. 1456

(562) Liberty Real Estate Bank & Trust Company has on occasion lost loan business to PNB when Liberty Real Estate Bank did not choose to extend further credit to a customer. Mason, Tr. 3072–73

(563) According to the president of PNB, that bank does compete with other Philadelphia banks but does not attempt to take away a depositor or a borrower from one of these banks by use of its larger lending limit. Potts. Tr. 1453

(564) The higher lending limit of the proposed merged bank would be an important factor in that bank's efforts to attract the business of national customers away from other Philadelphia banks and the future management of the proposed merged bank intends to use this tool to bring such customers to the new bank. McDowell, Tr. 3028

McDowell, Tr. 3032–3033 (565) The senior lending officer and executive vice president of PNB expects the proposed merged bank to experience greater difficulty in attracting national customer business away from a Philadelphia bank wih a $7 million lending limit than it will in attracting business away from a bank elsewhere with a $20 million lending limit; if there has been a long-time relationship between another Philadelphia bank and a national customer, he doubts that such a customer would change to the new bank for its banking business in Philadelphia because of the increased lending limit in one Philadelphia bank.

(566) Thus, while the lower lending limit of the individual defendant banks, as compared to certain banks in other cities, is claimed to cause loss of national customer business in Philadelphia to banks outside of Philadelphia, it is the position of defendants' officials that the lower lending limit of the remaining Philadelphia banks, as compared to the lending limit of the proposed bank, will not cause a loss of national customer business from the remaining Philadelphia banks to the new bank.

5. Bank lending limits can be increased without merger

Potts, Tr. 1430–1432,* 1435 (567) There are several ways in which a bank can increase its lending limit other

than by merging with another bank, including the issuance of additional stock, and by transfers from undivided profits to surplus.

(568) Since the end of World War II, the Republic National Bank of Dallas has on at least ten different occasions gone to the market and sold new common stock as a means of increasing its capital and its lending limit. The amount of the new capital raised thereby was between $20 million and $25 million. By this method alone, Republic National Bank increased its lending limit between $2 million and $2.5 million. Jennings, Tr. 3442–3443

(569) In ten years The Bank of Granite in Lenoir, North Carolina, has increased its lending limit from $12,000 to $90,000 by selling new common stock. Forlines, Tr. 428

(570) In 1951 Girard increased its lending limit by $450,000 through the sale of new stock. Brown, Tr. 3799–3800

(571) In 1960 Girard increased its lending limit by $500,000 through transfer of $5,000,000 from undivided profits to surplus. Ex. D–33, p. 5

(572) There are positive benefits to be derived from increasing a bank's lending limit by means other than merger. The result is a net increase in an area's composite lending limit rather than a mere combination of existing limits as occurs in

a merger. Increase through sale of stock or transfers to surplus brings new capital into the commercial banking system without elimination of an existing competitor. At the same time the financial structure of the enlarged bank is strengthened and greater security is afforded depositors whose money is being loaned.

6. Competition in Philadelphia from banks in New York and elsewhere

a. Amount of business done in Philadelphia by New York banks

Potts, Tr. 1514
Ex. D-1, p. 65
Ex. D-20
Ex. D-24
G-57, pp. 129-131
Dilworth, Tr. 3912

(573) A study by the Federal Reserve Bank of New York, based on material submitted by banks to the Federal Reserve Board in October, 1955, showed that New York City banks had loans outstanding to borrowers in the city of Philadelphia of $113,000,000 as of October 5, 1955. The same study showed the following amounts of loans outstanding to borrowers in other cities. Also shown below are the sizes of banks and lending limits in those cities.

City	Amount of loans to borrowers by New York City banks	Total asset size of largest bank in city	Largest lending limit of any bank in city
Chicago	$375,000,000	$3,000,000,000	$27,500,000
Houston	375,000,000	n.a.	n.a.
Los Angeles	218,000,000	11,000,000,000	55,000,000
Detroit	138,000,000	2,000,000,000	14,000,000
Dallas	125,000,000	n.a.	10,500,000
Philadelphia	113,000,000	1,200,000,000	8,000,000
Baltimore	98,000,000	420,000,000	2,400,000
Minneapolis	97,000,000	n.a.	n.a.
San Francisco	93,000,000	11,000,000,000	55,000,000
St. Louis	89,000,000	663,000,000	4,800,000

(574) New York banks lend more to businesses in Chicago, Houston, Detroit, Dallas and Los Angeles than they do in Philadelphia although all of those cities except perhaps Houston have banks larger than any bank in Philadelphia. Thus, it is clear that there is no relationship between the asset size of the largest bank in a city or the largest lending limit of any bank in a city and the amount of loans which may be made by New York City banks to borrowers in that city.

(575) The combination of all the Philadelphia banks would not create a bank as large as several leading New York banks. Ex. D-24

(576) Potential borrowers from commercial banks who desire loans for under $1 million would not normally obtain their loans from banks in another city. Brown, Tr 3817

(577) Central-Penn National Bank has not lost deposit accounts to New York, Boston, Chicago, San Francisco or Los Angeles banks. Sienkiewicz, Tr 2071

(578) Central-Penn National Bank has not lost any loans to New York banks. Sienkiewicz, Tr 2072

(579) The experience of Frankford Trust in participating its construction loans, which may run into several million dollars, shows that PNB and Girard have given quick service in contrast to the week to ten days required by New York banks, that they have never cut off Frankford in Twist, Tr 3547 3550

times of tight money as the New York banks had done, they have met all the dollar requirements of Frankford, that Frankford Trust has had satisfactory experience with The Philadelphia National Bank and Girard Trust Corn Exchange. There is no need on the part of Frankford Trust to return to New York for its construction loan participations.

b. Historical character of banking affiliations

MacMillen, Tr. 1241-42

(580) An increase in the lending limit of a Philadelphia bank would not enable that bank to compete more effectively for the domestic and foreign business done by New York banks.

Potts, Tr. 1451, 1462

(581) Relationships between a bank and its depositors, whether they are borrowers or not, are generally of rather long standing and depositors and banks alike cherish this relationship; depositors are loathe to change their accounts and as a rule change their bank only for cause.

Oakes, Tr. 3769-3770

(582) From the point of view of the PP&L, even if the proposed merger is consummated, it would not be good business for the company to give up its relationship with the Chase Manhattan Bank.

Oakes, Tr. 3764-3766A

(583) While the PP&L expects that in time its borrowings and its deposits in the Philadelphia area banks will increase, it cannot as a matter of good business judgment cut off its other banking connections.

(584) While PP&L announced in 1946 a policy of doing as much business as possible with companies in Pennsylvania, including Pennsylvania banks, it has not changed its historical banking relationship to any extent. Up to the present time the largest loan PP&L has had with PNB was $850,000. Oakes, Tr. 3700-3701, 3750-3752; Ex. G-246

(585) Although PP&L has had a banking relationship with Girard since 1920, the largest amount it has borrowed from Girard has been $2,500,000. Oakes, Tr. 3696, 3753

(586) Bankers Securities Corporation plans to continue its close relationship with First National Bank of Boston regardless of the proposed merger of PNB and Girard. Amsterdam, Tr. 3637

(587) Of six oil companies which have major refineries in the Philadelphia area, one has its major banking affiliation with Chase Manhattan Bank and PNB, another has its major banking affiliation with a New York bank, another has its major banking affiliation with Mellon National Bank, Pittsburgh, and the remaining three companies have their major banking affiliations with New York banks. There is no basis for concluding that if the proposed merger should be approved, the Mellon group, Socony Mobil, Sinclair or Tidewater would move their main service banking affiliation to Philadelphia. Potts, Tr. 1436-37 Ex. G-57, p. 8

Potts, Tr. 1439–40, 1445, 1454

(588) All of the 26 corporations listed in Exhibit G–125 have long standing banking affiliations, either with other Philadelphia banks or with other banks in other cities.

7. Any improvement in defendants' management as a result of the merger would impose a competitive disadvantage on other Philadelphia banks

Potts, Tr. 1359–60

(589) Both PNB and Girard have excellent management, and the decision to merge the two banks was not in any way attributable to any problem or inadequacy of the existing management of either bank.

Horan, Tr. 3220–22

(590) Defendants called as witnesses executive officers of six Philadelphia commercial banks, all of which are smaller than either defendant. All of these men are thoroughly competent in their field and none indicated the smaller size of their bank was any obstacle in rendering business advice. One stated that smaller borrowers find it more difficult to communicate with their banker as the bank becomes larger.

(591) The quality of the management of a commercial bank does not depend on size.

Potts, Tr. 1459–60

(592) At the present time, there is no difference between the ability of the largest bank in Philadelphia, the First Pennsylvania Banking & Trust Co., and PNB to attract qualified specialists and personnel.

(593) PNB and Girard do not need to merge in order to retain and attract quality and depth in management, or to develop more highly trained specialists any more than do the other Philadelphia banks, which are of sufficient size and profitability to fit higher costs of this nature into their operations. Potts, Tr. 1458-1460

(594) PNB and Girard will have an advantage over their competitors in supplying the banking needs of small business should this merger be approved. This will be so because the enlarged bank will be in a better position to supply skilled personnel to advise small business. Harris, Tr. 2464

8. Foreign department activities

(595) For foreign borrowers, the historical relation between borrower and lender is the most important consideration and the quality of service offered over a long period is the second most important factor influencing the borrower to continue borrowing relationships of many years' standing with New York banks, both large and small. MacMillen, Tr. 1242

(596) Foreign exporters and foreign importers think of New York City as the principal financial center, which it is. Potts, Tr. 1426

Merriwether, Tr. 3565–3566, 3569

(597) The proposed merger will not materially assist in the financing of foreign subsidiaries of Philadelphia companies. For instance, Rohm & Haas Company follows a policy of financing foreign subsidiaries through banks located in the countries in which its subsidiaries operate.

Potts, Tr. 1374–76

(598) PNB has the largest and Girard has the second largest of the foreign departments of Philadelphia banks. The third largest foreign department in Philadelphia, Provident Tradesmens Bank and Trust Company, is much smaller than either of the first two.

(599) Any improvement in the resulting bank's foreign department from the proposed merger would not materially improve its competitive position in relation to New York, but would make it much more difficult for the few remaining foreign departments in Philadelphia banks to compete for customers.

(600) Thus to the extent that size is a factor in competing for foreign banking business, the resulting bank's dominance over other Philadelphia commercial banks in soliciting business connected with the Port of Philadelphia as well as other foreign business might give it a decisive competitive advantage in obtaining this important custom.

X. CONCLUSIONS OF LAW

This Court has jurisdiction to determine the pending cause.

The merger of the defendant banks would involve the acquisition of stock or other share capital within the contemplation of section 7 of the Clayton Act.

The proposed merger of the defendant banks is a combination within the contemplation of section 1 of the Sherman Act.

Commercial banking is a part of trade or commerce within the contemplation of section 1 of the Sherman Act.

Commercial banking is a line of commerce within the contemplation of section 7 of the Clayton Act.

Commercial and industrial loans are a part of trade or commerce within the contemplation of section 1 of the Sherman Act.

Commercial and industrial loans are a line of commerce within the contemplation of section 7 of the Clayton Act.

Installment lending to individuals by commercial banks is a part of trade or commerce within the contemplation of section 1 of the Sherman Act.

Installment lending to individuals by commercial banks is a line of commerce within the contemplation of section 7 of the Clayton Act.

Single payment loans to individuals are a part of trade or commerce within the contemplation of section 1 of the Sherman Act.

Single payment loans to individuals are a line of commerce within the contemplation of section 7 of the Clayton Act.

Real estate loans by commercial banks are a part of trade or commerce within the contemplation of section 1 of the Sherman Act.

Real estate loans by commercial banks are a line of commerce within the contemplation of section 7 of the Clayton Act.

Personal trust services are a part of trade or commerce within the contemplation of section 1 of the Sherman Act.

Personal trust services are a line of commerce within the contemplation of section 7 of the Clayton Act.

Time deposits of partnerships and corporations are a part of trade or commerce within the contemplation of section 1 of the Sherman Act.

Time deposits of partnerships and corporations are a line of commerce within the contemplation of section 7 of the Clayton Act.

Time and savings deposits are a part of trade or commerce within the contemplation of section 1 of the Sherman Act.

Time and savings deposits are a line of commerce within the contemplation of section 7 of the Clayton Act.

Demand deposits are a part of trade or commerce within the contemplation of section 1 of the Sherman Act.

Demand deposits are a line of commerce within the contemplation of section 7 of the Clayton Act.

IPC demand deposits are a part of trade or commerce within the contemplation of section 1 of the Sherman Act.

IPC demand deposits are a line of commerce within the contemplation of section 7 of the Clayton Act.

The four-county area of Philadelphia, Bucks, Montgomery, and Delaware Counties is the relevant market area within which to measure the competitive effects of this merger.

The four-county area of Philadelphia, Bucks, Montgomery, and Delaware counties is a section of the country within the contemplation of section 7 of the Clayton Act.

The combination of PNB and Girard will result in a restraint of trade or commerce in commercial banking in the four-county area in violation of section 1 of the Sherman Act.

The proposed merger of PNB and Girard may substantially lessen competition or tend to create a monopoly in commercial banking in the four-county area in violation of section 7 of the Clayton Act.

The combination of PNB and Girard will result in a restraint of trade or commerce in commercial and industrial loans in the four-county area in violation of section 1 of the Sherman Act.

The proposed merger of PNB and Girard may substantially lessen competition or tend to create a monopoly in commercial and industrial loans in the four-county area in violation of section 7 of the Clayton Act.

The combination of PNB and Girard will result in a restraint of trade or commerce in installment lending to individuals by commercial banks in violation of section 1 of the Sherman Act.

The proposed merger of PNB and Girard may substantially lessen competition or tend to create a monopoly in installment lending to individuals by commercial banks in violation of section 7 of the Clayton Act.

The combination of PNB and Girard will result in a restraint of trade or commerce in single payment loans to individuals in violation of section 1 of the Sherman Act.

The proposed merger of PNB and Girard may substantially lessen competition or tend to create a monopoly in single payment loans to individuals in violation of section 7 of the Clayton Act.

The combination of PNB and Girard will result in a restraint of trade or commerce in real estate loans by commercial banks in the four-county area in violation of section 1 of the Sherman Act.

The proposed merger of PNB and Girard may substantially lessen competition or tend to create a monopoly in real estate loans by commercial banks in the four-county area in violation of section 7 of the Clayton Act.

The combination of PNB and Girard will result in a restraint of trade or commerce in personal trust services in the four-county area in violation of section 1 of the Sherman Act.

The proposed merger of PNB and Girard may substantially lessen competition or tend to create a monopoly in personal trust services in the four-county area in violation of section 7 of the Clayton Act.

The combination of PNB and Girard will result in a restraint of trade or commerce in time deposits of partnerships and corporations in the four-county area in violation of section 1 of the Sherman Act.

The proposed merger of PNB and Girard may substantially lessen competition or tend to create a monopoly in time deposits of partnerships and corporations in the four-county area in violation of section 7 of the Clayton Act.

The combination of PNB and Girard will result in a restraint of trade or commerce in time and savings deposits in the four-county area in violation of section 1 of the Sherman Act.

The proposed merger of PNB and Girard may substantially lessen competition or tend to create a monopoly in time and savings deposits in the four-county area in violation of section 7 of the Clayton Act.

The combination of PNB and Girard will result in a restraint of trade or commerce in demand deposits in the four-county area in violation of section 1 of the Sherman Act.

The proposed merger of PNB and Girard may substantially lessen competition or tend to create a monopoly in demand deposits in the four-county area in violation of section 7 of the Clayton Act.

The combination of PNB and Girard will result in a restraint of trade or commerce in IPC demand deposits in the four-county area in violation of section 1 of the Sherman Act.

The proposed merger of PNB and Girard may substantially lessen competition or tend to create a monopoly in IPC demand deposits in the four-county area in violation of section 7 of the Clayton Act.

The combination of PNB and Girard violates section 1 of the Sherman Act.

The proposed merger of PNB and Girard would violate section 7 of the Clayton Act.

CONCLUSION

It is respectfully requested that the Court adopt the above proposed Findings of Fact and Conclusions of Law.

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IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

[Title omitted]

Civil Action No. 29287

DEFENDANTS' REQUESTED FINDINGS OF FACT AND CONCLUSIONS OF LAW—Filed October 4, 1961

* * * * * * *

[fol. 6815]

INDEX

[fol. 6816] Requested Findings of Fact

I. The Background of This Proceeding

1. This action was filed on February 25, 1961 to enjoin the proposed merger of The Philadelphia National Bank and Girard Trust Corn Exchange Bank, hereinafter referred to as PNB and Girard respectively. The Complaint was filed under Section 4 of the Sherman Act (15 U.S.C. § 4) and Section 15 of the Clayton Act (15 U.S.C. § 25) for injunctive relief against alleged violations of Section 1 of the Sherman Act (15 U.S.C. § 1) and Section 7 of the Clayton Act (15 U.S.C. § 18) respectively.

2. PNB is a national bank chartered on October 20, 1864 under an Act of Congress approved June 3, 1864. Girard is a state bank chartered on March 17, 1836 by Act number 128 of the Pennsylvania Legislature. (Ex. G-57, pp. 16, 22)

3. On November 15, 1960 the Boards of Directors of PNB and Girard approved a proposed merger of the two banks, and on December 20, 1960 the two Boards approved a written Agreement of Consolidation to be effected in accordance with the provisions of the national banking statutes, 12 U.S.C. § 215. (Ex. G-117, G-118, G-119, G-128, G-129)

[fol. 6817] 4. On November 15, 1960, PNB and Girard filed an Application with the Comptroller of the Currency for approval of the proposed merger under the Bank Merger Act of May 13, 1960, 12 U.S.C. § 1828(c). (Ex. G-57; Potts, 1388; Brown, 3784)

5. As required by the Bank Merger Act the Comptroller requested and received from the Federal Reserve Board, the Federal Deposit Insurance Corporation and the Attorney General advisory reports on the competitive factors involved in the proposed merger. (Ex. G-161, G-162, G-163)

6. Following receipt of these reports, the Comptroller, on February 24, 1961, approved the proposed merger after giving consideration to each of the seven factors set forth in the Bank Merger Act; he concluded with respect to competition that the merger would be beneficial to international and national competition and would not be unfavorable to local competition because an a[illegible] number of alternative sources of banking serv[illegible] [illegible]uld remain after the merger. (Ex. D-14, G-164)

7. On May 9, 1961, the meetings of the shareholders of

the respective banks were held and the Agreement of Consolidation duly approved. (Brown, 2796; Ex. D-59)
[fol. 6818] 8. In the consummation of the proposed merger neither PNB nor Girard will acquire the stock or share capital of the other. (Ex. G-119)

[fol. 6819] II. Nature of the Commercial Banking Business

9. By its nature, commercial banking is wholly different from industrial or commercial businesses. (Jennings, 3368-9; Clarke, 375; Brown, 2571-2)

10. Banks are subject to extensive regulation by law and by the Federal Reserve Board, the Comptroller of the Currency, the Federal Deposit Insurance Corporation and state banking authorities. (Brown, 2573; Harris, 2292-4; Jennings, 3304-13)

11. The principal purpose of the extensive government regulation of commercial banks which prohibits unrestricted competition is to protect their depositors. (Harris, 2292-4; Brown, 2571)

12. Governmental regulation of commercial banking has the effect of sharply limiting the scope and character of competition among commercial banks. (Jennings, 3307-9, 3312-3; Harris, 2292-2303)

13. Commercial banks are not permitted to pay interest on demand deposits. The maximum interest which commercial banks are permitted to pay on time and savings deposits is fixed by law. (Brown, 2574; Harris, 2288, 2294; Jennings, 3303)

14. Banks are restricted in the nature, amount, volume [fol. 6820] and purpose of loans they are permitted to make. All national banks and banks chartered in Pennsylvania and most other states are in general not permitted to have outstanding loans to any one customer in an amount in excess of 10% of their capital and surplus. (Harris, 2294-5, 2363-5; Brown, 2576, 2581-2, 2613)

15. The amount of money and credit in the banking system is directly affected by the reserve requirements, the rediscount rate and the open market practices of the Federal Reserve System. (Potts, 1518-9; Smith, 473-7; Brown, 2608-11, 2637-9; Harris, 2297)

16. Maximum interest rates on loans are fixed by law in Pennsylvania. (Harris, 2295, 2299; Brown, 2577)

17. Minimum interest rates on loans are directly affected by the reserve requirements and open market practices of the Federal Reserve Board, by the rediscount rate fixed by the Federal Reserve Banks, and by the "prime rate" established by the nation's largest banks for their customers with the highest credit standing. (Smith, 473-7; Potts, 1518-9; Harris, 2295-9; Brown, 2608-9, 2626-30; Jennings, 3302-3)

18. Neither PNB nor Girard has, nor would the merged bank have, any influence in connection with the matters [fol. 6821] covered by Requested Findings 15 and 17 above. (Brown, 2627-30, 2633-7; Harris, 2376-7; Mason, 3060-1; McDowell, 2937-8; Carter, 3243-4; Horan, 3190-1; Weinrott, 3105-7)

19. Entry into the banking business and the opening of branches are strictly regulated in order to protect existing banks from excessive competition, and are permitted only upon a showing that there is adequate banking business in the area to support both the existing banks and the proposed bank or branch. (Harris, 2293, 2301-3; Jennings, 3309; Beadle, 820-1, 972-3; Brown, 2625)

20. As a result of restrictions on entry there are thousands of communities in the United States with but one commercial bank. (Harris, 2300-3)

21. Girard and PNB may establish branches only in Philadelphia and the three Pennsylvania counties contiguous to it (Bucks, Delaware and Montgomery). (Beadle, 813-4)

22. Commercial banks are subject to regulation to insure that their investments are of high quality. (Brown, 2582; Jennings, 3308-9)

23. Banks are in practice subject to strict liquidity requirements which affect the type of assets a bank may hold [fol. 6822] and the investments it may make. (Brown, 3383-4; Jennings, 3305, 3308)

24. Sound banking practice establishes maximum safe ratios of a bank's total loans to its capital, its deposits and its assets. (Brown, 2613-4, 2806; Ex. D-29)

25. Banks are subject to inspection and control by banking examiners who make periodic and thorough examinations of their affairs to determine compliance with banking regulations, and who may require that changes be made

in the loan-asset or loan-deposit ratios or liquidity position of any bank that deviates substantially from accepted practices. (Jennings, 3305-8; Brown, 2582, 2615)

26. Reserve requirements, required ratios, liquidity requirements, investment limitations and other requirements have the effect of reducing banks' profit margins and severely limit a bank's ability to engage in price competition. (Jennings, 3304-8, 3311-12; Brown, 2617-9, 2640-1)

27. The largest part of a bank's earnings are derived from its deposits, without which it could not conduct its business. These deposits are received from the bank's customers and may be withdrawn by them at any time. (Brown, 2571-2, 2641-2; Harris, 2296; Jennings, 3366)

28. Price competition is at the most a minor factor in competition among commercial banks, and in most banking [fol. 6823] services does not exist. (MacMillen, 1261-2; Jennings, 3301-3)

29. Interest rates on loans generally fall between the maximum fixed by law and the prime rate. (Harris, 2299-2300, 2468; Brown, 2609; MacMillen, 1257-8)

30. Within the maximum and minimum rates fixed by law and the operation of the banking system, the interest rate which a bank charges depends primarily upon the borrower's credit standing. (Brown, 2609; Sienkiewicz, 2061; Jennings, 3361-2)

31. Commercial banks do not generally compete in the evaluation of credit standing in the making of loans; lending officers base credit evaluations on the same factors and their evaluations are generally similar. (Potts, 1521-2; Sienkiewicz, 2073-5)

32. Banks do not engage in significant interest rate competition; to do so would quickly exhaust a bank's lending capacity and cause it to become over-loaned. (Potts, 1518-19; Harris, 2299-2300; Satterfield, 2080; McMillen, 1261-2)

33. A bank cannot raise its interest rates above the going rates without losing borrowers to other banks. (Potts, 1518; Brown, 2629, 2631-2)

34. Price is of minor importance in competition among commercial banks for savings accounts. (Sienkiewicz, [fol. 6824] 2068; Horan, 3176-7; Harris, 2334; Brown, 2600-1; Ex. D-34).

35. Price competition for time deposits is a minor factor as between commercial banks within the same state because all commercial banks pay the maximum allowed by law. (Harris, 2330, 2341; Brown, 2596-7).

36. Service charges are a minor factor in competition. (Harris, 2312, 2316-7, 2321; Dubois, 726-8; Worstall, 1104-5; Sienkiewicz, 2057-9; Brown, 2780-8).

37. The principal factors in competition among commercial banks are convenience, quality of service, personal relationships, and the capacity to meet the requirements of the customer. (Clarke, 371; Dubois, 727-8; Beadle, 965, 974-6; Harris, 2292, 2312-3, 2317, 2321, 2325, 2344, 2349, 2351, 2357; Brown, 2646; Jennings, 3303-4; Gillam, 1313; Mason, 3059-60; Worstall, 1096, 1104-5; MacMillen, 1259-61).

38. Commercial banks do not compete in expanding credit; it is an incident of their lending function and a function of the whole banking system in conjunction with the Federal Reserve System. (Harris, 2288-9; Jennings, 3304).

39. Safety is no longer a factor in competition between small and large banks. Deposit insurance has enabled the [fol. 6825] smallest banks to compete with the largest in this respect. (Jennings, 3311-3)

40. Large commercial banks do not have a competitive advantage for business within the range of the resources of smaller banks. In that range, small banks are able to compete as effectively as large banks. (Weinrott, 3099; Horan, 3174-5; Carter, 3238-9; Harris, 2315; Sienkiewicz, 2063-4; MacLaren, 2526; Brown, 2766-8, 2795; Jennings, 3371)

41. The growth of a small bank is not adversely affected by the existence of a large competing bank; in most cases small banks grow faster than large banks, which find it difficult to maintain their positions relative to small banks. (Jennings, 3333-4, 3338-41; Forlines, 428-9; Dubois, 732; Harding, 1023; MacMillen, 1272-3; Taylor, 1306-7; Ex. D-18)

42. Large banks do not treat small businesses less favorably than do small banks; having greater resources, large banks are willing to take greater credit risks than small banks. (Harris, 2353-4; MacMillen, 1267-9; Mason, 3055-6, 3064; Graves, 3886-8; Jennings, 3359; Ex. D-3)

43. The ratio of loans to assets of a bank increases with its size. (Harris, 2371, 2418-9; Ex. D-29)

[fol. 6826] III. Commercial Banking Markets

A. Geographic Markets

44. Competition in commercial banking is comprised both of the active rivalry of commercial banks and other institutions seeking to sell their services, and of the existence of alternative sources of such services for the banks' customers. Both exist in competition for commercial banking services in Philadelphia and the Delaware Valley. (Harris, 2291-2)

45. Commercial banks sell their services in local, regional, national and international markets. These markets overlap and are difficult to define. (Smith, 545; Harris, 2304-5).

46. The customer's geographic market for banking services is determined by the location of the alternative sources from which he can obtain these services. (Harris, 2304-7)

47. The geographic location of the customers of PNB and Girard does not determine the geographic market in which customers of the bank may obtain banking services. (Harris, 2307-8; McDowell, 3042)

48. The fact that PNB and Girard branches are limited to the four-county area, consisting of Philadelphia, Bucks, [fol. 6827] Montgomery and Delaware Counties, does not limit either the geographic source of their business or the location of the alternatives available to their customers. (Harris, 2304).

49. Customers are not restricted by political boundaries in the choice of banks or other financial institutions. (MacLaren, 2228; Harris, 2352; McDowell, 2974-5).

50. PNB and Girard draw substantial business from customers located outside the four-county area in which they operate branches. PNB, Girard and other Philadelphia area banks derive substantial business from the entire ten-county Delaware Valley area, consisting of the above four counties and Chester County, Pennsylvania; Burlington, Camden, Gloucester and Mercer Counties, New Jersey; and New Castle County, Delaware. Much of the merging banks' business originates outside the ten-county area. (Potts, 1507-8; Satterfield, 2123-4, 2129; MacLaren, 2239; Weinrott, 3100-1; Ritter, 3142, 3162-3; Brown, 2764; Ex. D-30, D-43, D-60, D-61, D-64, D-65, D-66, D-67, D-68, D-69).

51. The four-county area has no better claim to be the primary geographic source of defendants' business than [fol. 6828] any of several other areas or combination of areas. For instance:

(a) Defendants, combined, derive a greater amount of their commercial and industrial loans from the northeast United States outside the Third Federal Reserve District than they do from Bucks, Delaware and Montgomery Counties. (Ex. D-63).

(b) Defendants grant a greater dollar amount of lines of credit to customers outside than to customers inside the four-county area: (Ex. D-68).

(c) Defendants draw less business time deposits from Bucks, Delaware and Montgomery Counties than from each of the following areas: the other six counties of the ten-county Delaware Valley area outside of Philadelphia, the rest of the Third Federal Reserve District outside Delaware Valley, and the northeast United States outside the Third Federal Reserve District. (Ex. D-61).

(d) PNB derives a smaller amount of all its business demand deposits from Bucks, Delaware and Montgomery Counties than it does from the northeast United States outside the Third Federal Reserve District. (Ex. D-60).

(e) Defendants make to customers outside the four-county area more than 80% of their loans (in dollar amount) [fol. 6829] to domestic banks, to foreign banks, to other financial institutions, and to purchase or carry securities, and more than 60% of their miscellaneous loans. (Ex. D-67).

52. In the areas from which PNB and Girard derive their business their customers have as active alternative choices not only other commercial banks in such areas but also commercial banks located outside such areas:

(a) Large banks from large cities throughout the country solicit business in the Philadelphia area on an intensive and regular basis (Weinroft, 3101-2; McGinley, 3448, 3450; Oakes, 3709; Bradshaw, 3525-6; Amsterdam, 3634; Merriwether, 3582; Andrews, 3611-2; Wilson, 3661; Carter, 3229-30; Brown, 2754-7, 2819-20; McDowell, 2909-10; MacLaren, 2231; Sienkiewicz, 2063-4; MacMillen, 1247-9).

(b) The business solicited by New York and other banks includes loan, deposit and corporate trust services, correspondent bank business, personal trust and other business. (Brown, 3869; Carter, 3230-1; McGinley, 3449, 3452).

(c) Banks from New York and other cities derive sub-[fol. 6830] stantial business from Philadelphia. (Potts, 1514-6; Jennings, 3429-30; Ex. D-1).

(d) In such fields as the financing of mobile homes, the financing of prefabricated houses, tuition financing, and real estate mortgages Philadelphia banks compete with banks and other institutions located in many areas outside the four counties. (Ritter, 3142, 3154-6; Harris, 2366-7).

(e) At least 68% in dollar volume of defendants' combined commercial and industrial loans are made to, and at least 64% in dollar volume of defendants' combined demand deposits from partnerships and corporations are received from, customers whose banking choices include commercial banks located outside the four-county area. (McDowell, 2926-8; Adams, 3470; Ex. D-43).

53. Taking into consideration both the location of PNB's and Girard's business and the location of the alternative choices available to their customers, the market area for every service offered by PNB or Girard other than savings deposits is larger than the four-county area, varying from the ten-county Delaware Valley area up to the entire United States or the world. (Harris, 2322, 2326, 2328, 2334, 2347; McDowell, 2918, 2929-37; Ex. D-30, D-41; D-60 through D-69 inclusive).

[fol. 6831] 54. Plaintiff has restricted its evidence bearing on defendants' portion of or influence in any market to the four-county area.

55. Plaintiff has introduced no evidence bearing on defendants' proportion of the entire banking business done within the four-county area by all banks with offices in that area, in any category of business.

56. Plaintiff has introduced no evidence bearing on defendants' proportion of the entire banking business done within the four-county area by all banks deriving business from that area, in any category of business.

57. Plaintiff has introduced no evidence bearing on defendants' proportion of the entire banking business done

in any selected area by all banks deriving business from that area, in any category of business.

[fol. 6832] B. Functional Markets: Competitive Alternatives

(1) Insurance Companies

58. Life insurance companies located throughout the United States are active competitors of commercial banks in the Philadelphia area in the fields of:

(a) attracting the savings dollar (Harris, 2340; McDowell, 2918);
(b) mortgage loans (Harris, 2365; Brown, 2707; McDowell, 2930); and
(c) single-payment loans to individuals (Harris, 2469-70).

59. Insurance companies are an alternative source of funds for large corporations, and some insurance companies are now engaging in loans to businesses of shorter terms and smaller amounts. (Harris, 2357; Brown, 2706-7, 3835-6)

60. The tendency is toward increasing competition between commercial banks and insurance companies. (Brown, 2707, 2712)

61. There are at least 47 life insurance companies with offices in Philadelphia. (Ex. D-65)

(2) Savings and Loan Associations

62. Federal and state savings and loan associations and building and loan associations compete with commercial [fol. 6833] banks in the Philadelphia area in the fields of:

(a) savings accounts (Harris, 2336; Brown, 2583);
(b) mortgage loans (Beadle, 998-1001; Worstall, 1116-7; MacMillen, 1254; Keith, 1594, 1620-1; Harris, 2365); and
(c) home improvement loans (Harris, 2348; Satterfield, 2123-4; Ritter, 3153-4; Galfand, 3270).

63. In the ten-county Delaware Valley area there are 615 federal and state savings and loan and building and loan associations with aggregate savings deposits of

$1,498,413,000 and aggregate mortgage loans of $1,530,048,000. (Ex. D-32, D-65)

64. In the Philadelphia area competition also comes from savings and loan associations from as far away as California, which advertise extensively in the Philadelphia area and which obtain deposits through brokers. (Harris, 2336; Brown, 2586-7, 2589-90; Ex. D-35)

65. Savings and loan associations have had a greater growth than that of commercial banks; in the four-county area the deposits of savings and loan associations rose 164% between 1951 and 1959, compared to an increase of 44% and 45% respectively in the savings deposits of Girard and PNB. (Harris, 2336; Brown, 2709; Ex. D-61)

[fol. 6834] (3) Mutual Savings Banks

66. Mutual savings banks compete with commercial banks in the Philadelphia area in the fields of:

(a) savings accounts (Brown, 2583, 2601; Galfand, 3270; McGinley, 3453-4; Keith, 1594, 1620-1; Beadle, 999-1001; Potts, 1461);

(b) mortgage loans (Harris, 2365; Smith, 529-30; McGinley, 3453-4); and

(c) home improvement loans (McDowell, 2935-6)

67. Mutual savings banks also compete with commercial banks for demand deposits; individual depositors tend to treat checking and savings accounts interchangeably and savings accounts are often used by depositors as substitutes for checking accounts. (Brown, 2604-6; Adams, 3508; Harris, 2312, 2317)

68. There are four mutual savings banks in Philadelphia doing business through at least 52 offices in the four-county area with aggregate savings deposits of $1,883,345,000 and aggregate mortgage loans of $969,298,000. (Harris, 2336; Ex. D-32; D-65; G-57, p. 92).

69. From 1951 to 1959 savings deposits in the four mutual savings banks in Philadelphia increased 76% compared to 45% and 44% respectively for the savings deposits in [fol. 6835] PNB and Girard. (Ex. D-61)

(4) Credit Unions

70. Credit unions compete with commercial banks in the Philadelphia area in the fields of personal loans, consumer credit financing and savings accounts. (Brown, 2709; Potts, 1493; Keith, 1594, 1620-1; Carter, 3234-5; Harris, 2345, 2348)

71. There are 1655 credit unions in Pennsylvania, New Jersey and Delaware with aggregate contributions from members of $140,314,000 and aggregate loans outstanding of $198,000,000. (Ex. D-32, D-66)

72. The assets of credit unions have increased 1125% from 1945 to 1959 compared to 54% for commercial banks, 130% for mutual savings banks and 630% for savings and loan associations. (Ex. D-27)

(5) Small Loan Companies

73. Small loan companies and consumer discount companies compete with commercial banks in the Philadelphia area for many types of loans of smaller amounts including personal loans, automobile financing and other consumer credit financing and home improvement loans. (Beadle, 998-1000; Brown, 3860-1; Potts, 1492; Satterfield, 2127; Ritter, 3153-4; Harris, 2344-5; 2348)

[fol. 6836] 74. In the ten-county Delaware Valley area there are 343 small loan companies and 154 consumer discount companies with outstanding loans aggregating over $174,000,000. (Ex. D-66)

(6) Finance Companies

75. Finance companies compete with commercial banks in the Philadelphia area for many types of loans including personal loans, consumer credit financing, home improvement loans, inventory and equipment financing, automobile financing, and prefabricated home financing. (MacMillen, 1254; Harris, 2344; Potts, 1493-4; Keith, 1594, 1620-1; Satterfield, 2123-4, 2127; Ritter, 3146, 3148-9, 3153-5)

76. Finance companies make secured commercial loans in the Philadelphia area. (Harris, 2351, 2358)

77. There are at least 9 finance companies with headquarters in the Philadelphia area with aggregate loans outstanding of over $100,000,000; at least 44 other finance

companies have offices and do business in the Philadelphia area, 11 of which have aggregate loans outstanding of over $12,000,000,000. (Ex. D-66)

(7) Other Competition

78. Factors make secured loans to businesses in the Philadelphia area. (Harris, 2351-2, 2469)

[fol. 6837] 79. At least 17 mortgage service companies in Philadelphia sell to or obtain for financial institutions located all over the country mortgage and home improvement loans on real estate in the Philadelphia area, and are in active competition with commercial banks located in the Philadelphia area. (Harris, 2366-7; Satterfield, 2123-4; Carter, 3234-5; Ex. D-65)

80. Mutual funds compete with commercial banks in the Philadelphia area for time and demand deposits. (Harris, 2340; Brown, 2607)

81. United States savings bonds compete with commercial banks for the savings dollar. (Harris, 2339; Brown, 2604)

82. At least 15 pension and profit sharing trusts compete in the Philadelphia area with commercial banks in the mortgage loan field and are entering the field of commercial loans. (Harris, 2357, 2365, 2455; Brown, 2708; Ex. D-65)

83. Individuals compete with commercial banks for mortgage loans. (Harris, 2365, 2481)

84. Individuals compete with commercial banks as executors, administrators, trustees, guardians and other fiduciaries; in Philadelphia in recent years the administration of more decedents' estates over $50,000, both in number and [fol. 6838] dollar amount, has been committed to individuals than to all the trust companies (in and out of Philadelphia) combined. (Ex. D-69)

85. Commercial paper is an important competitor for time and demand deposits of large depositors in commercial banks. (Harris, 2321; Brown, 2590-2; McDowell, 2919-20)

86. United States Treasury bills and other short-term government obligations are important competitors for time and demand deposits of large depositors in commercial banks. (Harris, 2321-2; Brown, 2593, 2599-2600, 2602-3; Merriwether, 3579-81; McDowell, 2919-20)

87. Trade credit extended by suppliers of goods to the purchasers thereof competes with bank loans; for small businessmen this is usually the principal method of financing. (McDowell, 2932)

88. Credit extended by retail outlets to customers competes with consumer-credit financing by commercial banks to an important degree. (McDowell, 2934-5)

89. Small and medium-sized businesses rely less on bank loans than either trade credit or mortgages and bonds. (Ex. G-193, p. 23)

90. The fact that various competing financial institutions use commercial bank services does not adversely affect their ability to compete with commercial banks.

[fol. 6839] 91. The ability of the commercial banking system to expand credit is not a factor affecting competition between commercial banks and other financial institutions. (Harris, 2288-9)

92. Plaintiff has introduced no evidence relating to defendants' proportion of the total amount of business for which commercial banks compete with other institutions or other forms of investment in any category of business or in any geographical area.

[fol. 6840] IV. Commercial Banking in the Delaware Valley

93. As of June 30, 1960 PNB had assets of $1,064,335,000, deposits of $924,495,000 and loans of $523,612,000. As of the same date Girard had assets of $740,920,000, deposits of $650,790,000 and loans of $399,362,000. (Ex. G-57, p. 29; G-2, G-3).

94. PNB does business through 28 banking offices of which 11 are located in Philadelphia, 5 in Bucks County, 5 in Delaware County and 7 in Montgomery County. (Ex. G-57, pp. 46, 63-4). Girard does business through 39 banking offices of which 21 are located in Philadelphia, 12 in Delaware County and 6 in Montgomery County. (Ex. G-57, pp. 2-5).

95. As of December 31, 1960 there were 17 commercial banks with main offices in Philadelphia (including Brown Brothers Harriman, a private bank with offices in New York and a substantial office in Philadelphia); in addition First Camden National Bank and Trust Company, with its main office in Camden, New Jersey, has an office in Philadelphia. There are 100 additional commercial banks with main offices

in the 9 counties adjacent to Philadelphia, consisting of 9 in Bucks County, 1 in Delaware County, 14 in Montgomery [fol. 6841] County, 19 in Chester County, 17 in Burlington County, New Jersey, 9 in Camden County, New Jersey, 13 in Gloucester County, New Jersey, 10 in Mercer County, New Jersey, and 8 in New Castle County, Delaware. Many of these banks operate through multiple offices; there are 284 commercial banking offices in Philadelphia, Delaware, Bucks and Montgomery Counties and more than 400 banking offices in the ten counties described above. (Ex. D-15, G-1, G-57, pp. 43-71).

96. Notwithstanding the decrease in the number of banks in the four-county area, from 1947 to 1960 the number of banking offices in that area has risen from 178 to 283. (Ex. G-13).

97. The increase in population and the expansion of industry and commerce in the Philadelphia area led to a need for larger banks; many small banks were inadequate to care for the increasing banking needs of the communities in which they were located. (Keith, 1605-6, 1616-7; Horan, 3184-5; Rainer, 3854-5).

98. Small banks in the Philadelphia area have found mergers with larger banks a solution to their problems of inadequate banking services, rising costs and management succession. (Keith, 1567-8, 1573, 1613-4; Potts, 1506).

[fol. 6842] 99. Merger with existing banks in the suburban and rural areas around Philadelphia was in many cases the only feasible way for larger banks to follow their customers into these areas. (Keith, 1566, 1572, 1607-8; Beadle, 814, 984-5, 992-6; Brown, 2558-9).

100. PNB and Girard have opened new branch offices in the four-county area to serve existing customers and to participate in the growth of new communities. (Beadle, 861-2, 884, 974, 995-6; Worstall, 1073-6, 1094-6, 1108-9).

101. Prior to 1951, PNB and Girard Trust Company were wholesale banks dealing primarily with large customers, Girard Trust Company also having a large trust business. (Potts, 1347-50, 1498, 1500; Brown, 2557, 2781).

102. In response to significant changes in the location of their customers, the expansion of commerce and industry in the Philadelphia area, and the increase in importance of small customers, PNB and Girard Trust Company changed

their policies; since 1951 PNB has begun retail banking services and entered the personal trust and consumer credit fields, and Girard embarked on many retail banking services following the merger in 1951 of Girard Trust Company with Corn Exchange National Bank and Trust Company. (Potts, 1498-1500; Brown, 2555-67).

[fol. 6843] 103. Following mergers by PNB and Girard with smaller banks in the neighboring communities, the banking services available to members of those communities have increased substantially; many of these services were not previously offered by the local banks. (Brown, 2703-4; Reller, 3120-3, 3141; Keith, 1614-5)

104. The size of loans, secured and unsecured, which PNB and Girard officers at branch locations may make on their own authority is substantially greater than the loans previously available at the local banks; as a result borrowers are able to obtain larger loans and obtain them more quickly from Girard and PNB branches than was previously the case at the local banks. (Beadle, 969-70; Worstall, 1053-5; Brown, 2686-9, 2699-2700; Reller, 3148-9; Ferraro, 3725-9; Rainer, 3855-6, 3858-9; Ex. D-36)

105. Industries located in the areas served by PNB and Girard branches, which were not having their borrowing requirements met by the local banks, are now being taken care of. (Reller, 3115-6; Rainer, 3856; Horan, 3184-5)

106. More funds are available for loans through PNB and Girard branches than were previously available through [fol. 6844] local banks; in each of PNB's branch divisions the ratio of loans to deposits is substantially higher than the ratios previously maintained by the local banks with which PNB merged. (Beadle, 967-70; Ex. D-19).

107. The effect of bank mergers in the Philadelphia area has been substantially to increase and sharpen competition among commercial banks; competition is more intense now than when there was a much greater number of banks. (Potts, 1427-8; Keith, 1584, 1614-5; Jennings, 3301; Harris, 2379; Weinrott, 3105-7; Sienkiewicz, 2057, 2063-4; Galfand, 3271; Hankin, 3841-2; Mason, 3049).

108. There is no evidence that any prior merger in the Philadelphia area restrained trade or handicapped the growth of small banks. (Harris, 2377; Brown, 2767; Hankin,

3840-1; Galfand, 3272; Mason, 3050; Weinrott, 3096-8; Horan, 3171-5; Sienkiewicz, 2064-5; Carter, 3238-9).

109. During the period 1951 to 1960, PNB and Girard experienced deposit growth of 13.9% and 14.4% respectively, compared to an average of 21.9% of all 17 banks with head offices in Philadelphia (including Brown Bros. Harriman & Co.). (Ex. D-18).

[fol. 6845] 110. During the period 1951 to 1960, 12 of the other 15 banks in Philadelphia, including 3 of the 4 smallest, experienced a percentage deposit growth greater than that of either PNB or Girard; 11 of these 12 experienced growth greater than the 21.9% average of all such banks and 6 of these experienced such growth in excess of 40%. (Ex. D-18).

111. A new bank has been established in the last decade just outside Philadelphia and has experienced rapid and substantial growth. (Hankin, 3840).

112. Several of the smaller Philadelphia banks have opened new branches in the center of the city in recent years; these offices have successfully competed with the center city offices of the larger banks. (Weinrott, 3096-7; Galfand, 3271-2; Horan, 3175-6).

113. During the period 1951 to 1960, every one of the 9 commercial banks with main offices in Bucks County experienced percentage deposit growth greater than that of either PNB or Girard, the smallest being 30.5% and the largest being 112.5%. (Ex. D-18).

114. During the period 1951 to 1960, the only commercial bank with a main office in Delaware County experienced percentage deposit growth of 95.4%, over six times as great as that of either PNB or Girard. (Ex. D-18).

[fol. 6846] 115. During the period 1951 to 1960, 13 of the 14 commercial banks in Montgomery County experienced percentage deposit growth greater than that of either PNB or Girard, the smallest of the 13 being 18.7%, four being in excess of 90% and one being 1,116%. (Ex. D-18).

116. During the period 1951 to 1960, 17 of the 19 commercial banks with main offices in Chester County experienced percentage deposit growth greater than that of either PNB or Girard, the smallest of the 17 being 16.3% nine being in excess of 40% and the largest being 128%. The remaining two of the 17 had growth of 13.1% and 14.0%

compared to the 13.9% and 14.4% of PNB and Girard respectively. (Ex. D-18).

117. During the period 1951 to 1960, all of the 17 commercial banks with main offices in Burlington County, New Jersey, experienced percentage deposit growth greater than that of either PNB or Girard, all but two being in excess of 40%, nine being in excess of 80% and the largest being 195.6%. (Ex. D-18).

118. During the period 1951 to 1960, all of the 9 commercial banks with main offices in Camden County, New Jersey, experienced percentage deposit growth greater than that of either PNB or Girard, the smallest being 49% and the largest being 162.4%. (Ex. D-18).

[fol. 6847] 119. During the period 1951 to 1960, all but one of the 13 banks with main offices in Gloucester County, New Jersey, experienced percentage deposit growth greater than that of either PNB or Girard, the smallest being 18.8%, ten of them being in excess of 50% and the largest being 282.8%. (Ex. D-18).

120. During the period 1951 to 1960, all of the ten commercial banks with main offices in Mercer County, New Jersey, experienced percentage deposit growth greater than that of either PNB or Girard, eight of them being in excess of 50%, six of them being in excess of 75%, and the largest being 132.6%. (Ex. D-18).

121. During the period 1951 to 1960, all but one of the eight commercial banks with main offices in New Castle County, Delaware, experienced percentage deposit growth in excess of that of either PNB or Girard, the smallest of them being 25.2%, three being in excess of 90% and the largest being 458%. (Ex. D-18).

122. During the period 1951 to 1960, 107 of the 115 banks with main offices in the ten-county Delaware Valley area (including Brown Bros. Harriman & Co.), other than PNB and Girard, experienced percentage deposit growth greater than that of either PNB or Girard. (Ex. D-18).

[fol. 6848] 123. The commercial banks in Philadelphia today are strong and vigorous competitors in offering commercial banking services to the public. (Harris, 2379; Mason, 3048; Galfand, 3269)

124. The 100 commercial banks in the nine counties adjacent to Philadelphia compete in varying degrees with

PNB and Girard in offering banking services comparable to those offered by PNB and Girard within the range of the resources of such banks. (MacLaren, 2525; Brown, 2768, 3825).

125. PNB makes a substantial number of small loans as a matter of policy, reviews all loan applications rejected by branch officers, and has set up special programs for making loans to small businesses. (McDowell, 2911-3).

126. During times of tight money Girard cuts back on its loans to large businesses rather than its loans to small businesses. (Brown, 2777-9).

127. The branch systems of PNB and Girard cover generally complementary areas; outside the center city area of Philadelphia there is scarcely any overlap between service areas of Girard and PNB branches, except in the 69th Street area where it is planned to close the PNB branch after the merger. (Beadle, 865, 985-7; Keith, 1609; Potts, 1333; Brown, 2569; Ex. D-10, D-11).

[fol. 6849] V. Effect of the Merger on Competition

A. Banking Concentration

128. Banking concentration in a community is a product of the need for a bank large enough to meet the banking needs of commerce and industry. (Jennings, 3327-8)

129. The amount of concentration of banking assets within a city or other geographic area is not a measure of competition within that area. (Ex. D-48, pp. 59-60)

130. A large industrial community benefits economically from the existence of competitive banks of all sizes. (Horan, 3224)

131. Of the ten largest metropolitan areas in the United States, Philadelphia, which is the fourth in size, would after the merger rank ninth on the basis of the relation of population to the largest commercial bank in each such city. (Ex. D-20)

132. If the 53 reserve and central reserve cities of the Federal Reserve System are ranked in the order of the percentage of total commercial banking assets in each city held by the largest commercial bank in that city as of June, 1956:

[fol. 6850] (a) Philadelphia would, after the proposed merger, rank 32nd with 36.16% ;

(b) 26 cities exceed 40% ;
(c) 14 cities exceed 50% ; and
(d) 5 cities exceed 60% . (Ex. D-22).

133. If the same 53 cities are ranked in the order of the percentage of the total commercial banking assets in each city held by the five largest commercial banks in that city as of June 30, 1956:

(a) Philadelphia, after the merger, would rank 43rd with 83.82% ;
(b) 36 cities exceed 90% ; and
(c) 21 cities exceed 95% . (Ex. D-23).

134. There are four commercial banks in the United States, each with a lending limit greater than the aggregate of the lending limits of all the commercial banks in Philadelphia. (Ex. D-24).

135. Each of 20 commercial banks in the United States has a lending limit greater than that of any commercial bank in Philadelphia, and nine of these are in cities smaller than Philadelphia. Thirteen such banks, four of which are in cities smaller than Philadelphia, have a lending limit greater than that of the proposed merged bank. (Ex. D-24).

[fol. 6851] 136. Of 224 cities with populations in 1956 over 50,000, 190 had a commercial bank with 35% or more of the total commercial banking assets in the city, and 96 had a bank with 50% or more of such assets. (Ex. D-46).

137. If 110 cities in the United States with populations of 100,000 or more are ranked in the order of the percentage of total commercial banking assets in each city held by the largest commercial bank in that city as of June 30, 1956:

(a) Philadelphia would, after the proposed merger, rank 79th with 36.2% ;
(b) 63 cities exceed 40% ;
(c) 33 cities exceed 50% ; and
(d) 12 cities ~~equal or~~ exceed 60% . (Ex. D-47).

138. Of the 34 most populous metropolitan areas in states, like Pennsylvania, with limited area branch banking, 17

would have a greater concentration of bank deposits in their five largest banks, 20 would have a greater concentration in their three largest banks, and 16 would have a greater concentration in their largest bank, than Philadelphia County would have after the proposed merger. (Ex. D-55).

139. Every city in Pennsylvania, and in the ten-county [fol. 6852] Delaware Valley area outside Pennsylvania, with a 1960 population over 100,000, has a commercial bank with a larger percentage of the commercial banking assets in that city, than Philadelphia would have after the proposed merger. There is adequate banking competition in each such city. (Ex. D-47; Jennings, 3325-3327).

140. Between 1940 and 1960:

(a) the percentage of deposits of all commercial banks in the United States held by the 100 largest banks decreased from 56.7% to 46.2%;

(b) the percentage of such deposits held by the 16 largest banks decreased from 26.4% to 20.3%; and

(c) the percentage of such deposits held by the largest one-half of 1% of banks decreased from 52.2% to 40.9%. (Ex. D-49; D-53).

141. In the 16 states which, like Pennsylvania, have limited area branch banking:

(a) the percentage of assets of all commercial banks in the state held by the largest commercial bank decreased, between 1940 and 1960, in 13 states; and

(b) the percentage of assets of all commercial banks in the state held by the five largest commercial banks decreased between 1940 and 1960 in 10 states. (Ex. D-50, D-54).

[fol. 6853] 142. In the 31 most populous metropolitan areas (including Philadelphia County) in states with limited area branch banking the percentage of assets of all commercial banks in the area held by the largest bank decreased between 1934 and 1960 in 16 areas. (Ex. D-51, D-55).

143. There is no evidence of adverse effects on businessmen in any area as a result of banking concentration in that area. (Jennings, 3370-1).

144. There is no evidence that there has been any adverse effect upon competition or any restraint of trade in any of the 190 cities in the United States of over 50,000 population in which the lead bank has had a greater proportion of the

total bank assets than the merged bank would have in Philadelphia.

[fol. 6854] B. Competition After the Merger.

145. The merger would have no adverse effect on other Philadelphia banks. (Harris, 2349, 2369; Mason, 3051-64; Weinrott, 3102-7; Horan, 3188-93; Carter, 3238-9; 3243-6; Galfand, 3274-6; Twist, 3551; Hankin, 3840-8)

146. The increased ability of the merged bank to compete for larger customers would not adversely affect existing relationships between large customers in Philadelphia and other Philadelphia banks. (Bradshaw, 3526; Andrews, 3614-5; Amsterdam, 3626-7; Wilson, 3658; Oakes, 3713-5)

147. An immediate result of the merger would be loss of business by the merged bank to other banks in the Philadelphia area. (Brown, 2770-2; Horan, 3173; Galfand, 3274-5; Jennings, 3359; Harris, 2314)

148. Smaller Philadelphia banks would be benefited by the merger by being able to share in the new banking business the merged bank would bring to Philadelphia. (Weinrott, 3102-4; Mason, 3051)

149. The merger would not lead to an increase in service charges; the merged bank would have no power to cause other Philadelphia banks to raise their charges, or to im- [fol. 6855] pose on such banks its own charges. (Harris, 2314-5; Brown, 2787; Carter, 3242-3; Mason, 3059; Horan, 3189)

150. The merger would have no effect on interest rates on loans; the merged bank would have no power to cause other Philadelphia banks to raise their rates, or to impose on such banks its own interest rates. (Brown, 2633-7; Harris, 2376-7; Potts, 1518-9, 1521-2; McDowell, 2937-8; Mason, 3060-1; Carter, 3242-4; Horan, 3190-1; Weinrott, 3105-7; Jennings, 3368-9; McGinley, 3455)

151. The merger would have no effect on interest rates paid on savings accounts. (Potts, 1521; Mason, 3058; Horan, 3188; McGinley, 3455; Hankin, 3845)

152. The merger would not affect the freedom of depositors to put their deposits in the bank of their choice; the merged bank would have no power to prevent or affect such free choice, or prevent its own depositors from withdrawing their deposits at any time. (Brown, 2641-3; Harris,

2376-7; McDowell, 2937-8; Mason, 3060-1; Carter, 3243-4; Horan, 3190-1; Weinrott, 3105-7; Jennings, 3368-9)

153. The merged bank would have no power to prevent any borrower from having his banking needs met by any other Philadelphia area bank. (Harris, 2376-7; McDowell, 2937-8; Mason, 3060-1; Carter, 3243-4; Horan, 3190-1; Weinrott, 3105-7; Jennings, 3368-9)

[fol. 6856] 154. The merged bank would have no power to affect or control the total lendable money supply in the Philadelphia area. (Harris, 2376-7; Jennings, 3362-3)

155. The merger would not adversely affect the availability of credit to small and medium-sized businessmen. (Brown, 2774-5, 2793; Galfand, 3275-7; Jennings, 3357-9; Harris, 2353; Mason, 3055; Hankin, 3844)

156. The merged bank would have no competitive advantage over other banks in the opening of new branches. (Ex. G-188, p. 4)

157. The proposed merger would have no adverse effect on competition in the Philadelphia area at the branch level. (Keith, 1609-10; Beadle, 865, 986-7)

158. After the merger borrowers would have available the following alternative commercial banking choices in Delaware Valley for the size of loan indicated, without regard to the number of banks outside that area which compete for the larger customer. (Ex. D-16):

Loans		Number of Commercial Banks Phila. Co.	4 Counties	10 Counties
Below	$10,000	17	41	116
Up to	$25,000	16	41	110
Up to	$50,000	14	35	90
Up to	$100,000	14	27	51
[fol. 6857]				
Up to	$250,000	13	18	25
Up to	$500,000	9	10	16
Up to	$1,000,000	7	7	11
Up to	$2,500,000	4	4	5
Up to	$5,000,000	3	3	3
Up to	$7,000,000	2	2	2
Up to	$8,000,000	1	1	1
Up to	$15,000,000	1	1	1

159. Three accessible commercial banks are sufficient for a prospective borrower to determine whether a loan is bankable at the going rate of interest. (McDowell, 2913-4; Jennings, 3362)

160. The geographical distribution of banking offices in the Philadelphia area is ample to provide adequate competitive banking service to prospective customers throughout the area; this would not be affected by the merger. (Ex. D-6, D-7, D-8, D-9)

161. All types of customers, including small businessmen, would have ample alternative choices for commercial banking services after the merger. (McDowell, 2913-4; Mason, 3088-9; Jennings, 3362)

[fol. 6858] 162. A proper analysis of the effect of this merger on competition may be made only on the basis of each of the various types of business in which commercial banks engage, taking into account competition which commercial banks face from various sources, rather than treating commercial banking as a whole. (Harris, 2369-70)

163. The merger would have no substantial adverse effect on competition in any geographic area for

(a) demand deposits of any type, including IPC demand deposits (Harris, 2313-4, 2318-9, 2322-3, 2328-9, 2331-2; Ex. D-15, D-41, D-62);

(b) time deposits of any type, including time deposits of partnerships and corporations (Harris, 2342; Ex. D-15, D-32, D-41, D-62);

(c) savings accounts (Harris, 2340; Ex. D-15, D-32, D-41);

(d) commercial and industrial loans (Harris, 2352, 2357; Mason, 3055; Ex. D-15, D-16, D-41);

(e) real estate loans (Harris, 2369, Ex. D-15, D-16, D-41, D-65);

(f) instalment loans to individuals (Harris, 2346, 2349; Ex. D-15, D-16, D-41, D-66);

[fol. 6859] (g) personal trust services (Ex. D-69);

(h) single-payment loans to individuals (Ex. D-15, D-16, D-41); or

(i) any other commercial banking service.

164. There is no reasonable probability that the proposed merger would substantially lessen competition or tend to create a monopoly in any geographic area for any of the

commercial banking services listed in Request 163 above.

165. Even if commercial banking is treated as a whole, the proposed merger would have no substantial adverse effect on competition in commercial banking in any geographic area. (Harris, 2378; Mason, 3048-9, 3063-4; Weinrott, 3097-8, 3107; Horan, 3171-2, 3184-5, 3192; Carter, 3238-9, 3245-6; Galfand, 3271-2, 3274-5; Hankin, 3841-2, 3847)

166. There is no reasonable probability that the proposed merger would substantially lessen competition or tend to create a monopoly in commercial banking in any geographic area. (Mason, 3061; Weinrott, 3106; Horan, 3192; Carter, 3245; Jennings, 3369)

167. With respect to commercial banking and each type of commercial banking service described in Request 163 above there would remain after the merger an adequate [fol. 6860] number of alternative choices for bank customers. (Harris, each reference in Request 163; Mason, 3055; Ex. D-16, D-32, D-41, D-62, D-65, D-66, D-69)

168. Competition in commercial banking in the Philadelphia area would be even more intense after the merger than at the present. (McDowell, 2939; Harris, 2378; Brown, 2770-1, 2793; Jennings, 3369; Hankin, 3847)

169. Competition in the regional, national and international markets would be increased by the merger by virtue of the new bank's increased ability to compete with large banks in other cities. (Harris, 2322-3, 2349; Potts, 1516; Jennings, 3359; Oakes, 3713, 3755-6)

170. The proposed merger is not motivated by an intent or purpose to restrain trade or adversely affect competition in any commercial banking service in any area. (Potts, 1507-16; Brown, 2713-23)

171. The proposed merger would not substantially and unreasonably increase concentration in commercial banking in the Philadelphia area. (Mason, 3061-2; Weinrott, 3106; Horan, 3192; Carter, 3245; Jennings, 3369)

172. The proposed merger would not substantially and unreasonably lessen existing or potential competition in the commerce or industry served by commercial banks in the Philadelphia area. (Brown, 2794; Mason, 3062; Weinrott, [fol. 6861] 3106-7; Horan, 3193; Carter, 3245; Jennings, 3369)

[fol. 6862] VI. Convenience and Needs of the Philadelphia Community

A. Need for the Merger

173. Philadelphia is the fourth largest city and metropolitan area in the United States; its port is first in the country on the basis of bulk tonnage and value of imports. (Potts, 1367; Brown, 2761-2, 3788-90; Bradshaw, 3532; Dilworth, 3904)

174. Philadelphia is the center of a highly developed and diversified industrial and commercial complex known as "Delaware Valley". The community contains a substantial number of large industries whose development is as important to the community as that of smaller industries. (Ex. G-57, pp. 9, 74-5; Ex. G-164, p. 2; Jennings, 3382-4)

175. It is desirable for a community to have a bank large enough to meet normal banking needs of its large businesses. (Jennings, 3313-4; Harris, 2375)

176. Large companies in the Philadelphia area want to be able to do business with Philadelphia banks because of their connections with the community and it is important that they do so because of the close contacts which are required between their top officers and the bankers. (Wilson, 3652, [fol. 6863] 3656-7; Amsterdam, 3625; Andrews, 3611; Deasy, 3670-1; Oakes, 3700-1)

177. Banks in Philadelphia have lagged far behind the growth of industry in the area and have not been able to meet its industry's banking needs. (Jennings, 3314-5; Merriwether, 3576-7; Brown, 3788-90; Graves, 3891; MacLaren, 2263; Ex. G-57, pp. 8-9; Ex. D-25).

178. There is presently no Philadelphia bank large enough to serve adequately the banking needs of large industry in the Philadelphia area. (Harris, 2375-6; Horan, 3192-3; Jennings, 3379; Bradshaw, 3524-5; Graves 3902-3)

179. The sizes of PNB and Girard have prevented them from meeting the banking needs of their customers for the following reasons:

(a) It is important for borrowers to be able to deal with a bank whose lending limit is sufficient to meet their entire borrowing needs or a substantial portion of such needs even though they may not borrow this amount at any one time.

(Jennings, 3315-6, 3319; Bradshaw, 3522; Merriwether, 3573-4; Amsterdam, 3627-9)

(b) Aside from the lending limit, the size of the resources of a bank imposes a maximum limit on loans to certain [fol. 6864] customers beyond which it would be unsafe or unwise for the bank to lend. (Brown, 2724, 2742-4; MacMillen, 1267-9; Mason, 3055-6)

(c) Both Girard and PNB have experienced the loss of business customers which have outgrown Philadelphia Banks and have moved on to larger banks in other cities. Customers may leave a bank even though their borrowing requirements are still well below its lending limit in order to maintain a margin between their lines or loans and the lending limit of the bank. (Mason, 3064-5; Merriwether, 3574-5; Amsterdam, 3637-9; Wilson, 3653; Graves, 3888-90; Brown, 2718, 2724, 2727-9, 2732, 2742-4; Jennings, 3315-6, 3319; Deasy, 3667-8, 3673)

(d) PNB and Girard are not large enough to develop the specialization which large borrowers require for their business. (MacDowell, 2895-2901, 2907-8; Oakes, 3702-4; Merriwether, 3597-9)

(e) PNB and Girard are not large enough to develop the foreign service which customers dealing abroad require. (Wilson, 3657-8; Merriwether, 3596; Bradshaw, 3532; McDowell, 2902-5)

180. Many industries with headquarters in or near Philadelphia go to New York and other cities for their major [fol. 6865] banking needs because no bank in Philadelphia is large enough to provide the funds and services necessary to meet their needs. (Potts, 1410-1; Brown, 2721; Bradshaw, 3524; Oakes, 3701, 3710-1; Harris, 2306; Brown, 3801-2; Andrews, 3604; Amsterdam, 3623; Wilson, 3651; Merriwether, 3565-6)

181. The largest bank in Philadelphia ranks twentieth in the United States and is smaller than one or more banks in San Francisco, Pittsburgh, Boston, Detroit, Cleveland and Dallas, all of which are smaller in population than Philadelphia. (Potts, 1510-3; Dilworth, 3908; Ex. D-24)

182. When the twelve largest metropolitan areas in the United States are ranked on the basis of various measures of economic activity, Philadelphia ranks fourth or fifth,

whereas Philadelphia ranks ninth on the basis of the size of its leading bank. (MacLaren, 2252-4; Ex. G-57, pp. 127-134)

183. There are 17 commercial banks in New York City, each with a lending limit of $1,000,000 or more. (Ex. D-39)

184. In losing lending business to banks in other cities, Philadelphia banks likewise lose substantial deposits, personal trust business, and other business, which normally [fol. 6866] follow corporate borrowings. (Bradshaw, 3521-2; Oakes, 3708-9; Brown, 2747, 2763)

185. The merger is necessary in order to prevent any further loss of banking business by Philadelphia banks. (McDowell, 2882-3, 2909; Merriwether, 3585-6)

186. It is impractical and uneconomic to overcome the inadequacy of the lending capacities of PNB and Girard by participating loans to other banks for the following reasons:

(a) Supporting deposits are required by banks as prerequisites for loans. (MacMillen, 1262-3, 1278-9; Brown, 2359, 2677, 3810; Potts, 1442-3)

(b) To take a participation the part[illegible]ng bank will require a compensating deposit from ei[illegible] the originating bank or the customer. (Brown, 2677-81; [illegible]is, 2360-1)

(c) Large banks like PNB and Girard kee[illegible] their balances with their large correspondent banks in amounts sufficient to compensate those banks only for check clearances and like routine services and not in amounts necessary to support loans. (Brown, 2677-81, 2815; Harris, 2360-1)

[fol. 6867] (d) The participation of loans by small banks to their large city correspondent banks is not comparable to participations by large banks. Small banks keep substantial balances on deposit with their correspondents as reserves and as compensation for specialized services. These balances support loans participated to the large city correspondent bank (Brown, 2674-5; Harris, 2360)

(e) Large borrowers prefer not to deal with a number of participating banks because of the administrative burden, the added cost of maintaining deposit balances with a number of banks, and the time required in developing a new banking relationship. (Bradshaw, 3522; Andrews, 3604-6; Amsterdam, 3627-30; Wilson, 3660; Oakes, 3716-8; Graves, 3893-4)

(f) A large bank would run a substantial risk of losing customers and deposits if it participated loans to other large banks. (Harris, 2361)

(g) The participation of a loan exceeding its lending limit by a large bank is rare. (Harris, 2360-1; Brown, 2669, 2671, 2677-80; Potts, 1403, 1405)

187. The multi-bank loans now shared by large city banks are wholly different from the type of participating loans which small banks give to or receive from large city correspondents; multi-bank loans are arranged by the bor-[fol. 6868] rower, which determines the identity of the participating banks and the amount to be allocated to each. (Brown, 2647-9, 2651-3, 2655, 2662, 2664-6; Wilson, 3655-9; Oakes, 3715-6; Harris, 2361)

188. The rate of increase of deposits of PNB and Girard combined from 1949 to 1959 was 12.31% compared to 54.62% for all banks in the United States. (Ex. G-57, p. 80)

189. Merger is the only feasible way in which PNB and Girard can become large enough to meet the banking needs of the community; an adequate increase in size by the sale of stock is not feasible because of the cost and because of the dilution of the earnings available for existing shareholders, and an increase in size by the accumulation of retained earnings would take many years. (Potts, 1432-3, 1522-3, 1533-4; Brown, 3797-9; Horan, 3203-5; Ex. G-57, p. 9)

[fol. 6869] B. Benefits to the Community from the Merger

190. The increased total resources of the merged bank would enable it to create special departments for types of loans and industry groups, increase its services to correspondent banks, establish departments to develop new services and develop the use of electronic equipment. (Potts, 1423; Brown, 2714, 3830-1; McDowell, 2895-8, 2901-7; Ex. G-57, p. 10)

191. The increased total resources of the merged bank would enable it to develop more fully its foreign services through increased investment in PNB's international investment corporation, the formation of an international banking corporation, the use of full-time representatives abroad and the possible opening of foreign branches. (Brown, 2751-2; McDowell, 2902-6)

192. The increased total resources of the merged bank would enable it to improve and expand existing services and make them available to many more customers. (Potts, 1426; McDowell, 2901-3, 2907-8; Brown, 2750-1, 3831-3; Ex. G-57, pp. 78-9)

193. The increased total resources of the merged bank and its $15,000,000 lending limit would enable it to make larger loans to more large corporations. (Potts, 1410-1, 1441; Jennings, 3380-4; Bradshaw, 3522; Graves, 3895-6) [fol. 6870] 194. The increased total resources of the merged bank would enable it to compete more vigorously and effectively with banks in New York and other cities. (Potts, 1410-11, 1441; Jennings, 3380-4; Bradshaw, 3522; Graves, 3895-6; Brown 2764-6)

195. The new and improved services the merged bank would be able to develop and offer to large businesses would enable it to attract the substantial deposits which are maintained by customers in return for such services. (MacLaren, 2265, 2488-9, 2517; Harris, 2320, 2332; Potts, 1444; Brown, 2833-44; McDowell, 2853-79)

196. The merged bank would attract additional deposits from large customers as compensating balances for loans; many such deposits remain on deposit with the lending bank after the loans are paid off. (Jennings, 3319-20; Bradshaw, 3521; Oakes, 3707-8; Brown, 3810; Potts, 1442-3)

197. Large customers as a group maintain average deposits in amounts substantially greater than their average loans. (Ex. D-26, D-40)

198. The increased size of the merged bank would give it increased prestige which would assist in attracting banking business from outside the Philadelphia area in the national and international fields of competition. (Potts, 1426-7, 1446-7; Brown, 2714; McDowell, 2915-16)

[fol. 6871] 199. The merged bank would have additional funds available for lending to local borrowers by reason of its increased ability to prevent loss of deposits to other larger banks and to attract business in the national and international fields. (Potts, 1516-17; Wilson, 3662)

200. The merged bank would be able to serve more adequately the banking needs of large industries in the community. (Harris, 2375-6; Bradshaw, 3531; Graves, 3891)

201. The increased resources of the merged bank would

enable it to make greater risk loans and thereby give greater assistance to new or growing companies. (Brown, 2792-3; Harris, 2353-4; Graves, 3886-90, 3895-6; Mason, 3064)

202. The merged bank would be better able to assist smaller Philadelphia banks in making loans which exceed the smaller bank's lending capacity. (Weinrott, 3102-4)

203. The merged bank would obtain a greater share of the future banking business of large customers than both together now receive; such business will otherwise go to large banks in other cities. (Brown, 2714, 2748; Merriwether 3584-6)

204. The attraction of such new business by the merged bank would bring with it other banking business in which [fol. 6872] other Philadelphia banks would share. (Brown, 2772-3; Amsterdam, 3636; Carter, 3238-9; Hankin, 3848; Galfand, 3274-5; Horan, 3216, 3222-3)

205. The existence of the merged bank would assist in attracting new business to locate in the Philadelphia area. (Graves, 3891-2; Dilworth, 3907-8)

206. The merger would have a beneficial effect on commerce and industry in the Philadelphia area. (Harris, 2380; Hankin, 3844; Bradshaw, 3531)

207. The improved foreign services of the merged bank would be an important factor in the development of the port of Philadelphia. (Dilworth, 3906)

[fol. 6873] Requested Conclusions of Law

1. The merger of PNB and Girard would not constitute a combination in unreasonable restraint of any part of trade or commerce and would not be a violation of Section 1 of the Sherman Act.

2. The merger of PNB and Girard would not involve an acquisition, directly or indirecly, by either defendant of the stock or other share capital of the other within the meaning of Section 7 of the Clayton Act and would not be within the scope of that Act.

3. There is no reasonable probability of a substantial lessening of competition or tendency toward monopoly in any line of commerce in any section of the country as a result of the merger of PNB and Girard.

4. The approval of the merger of PNB and Girard by the Comptroller of the Currency pursuant to the Bank

Merger Act of 1960 is the final and exclusive determination of the legality of the merger under all Federal laws. [fol. 6874] 5. The complaint should be dismissed and judgment entered for defendants.

It is respectfully requested that the Court adopt the above proposed Findings of Fact and Conclusions of Law.

/s/ Arthur Littleton, Attorney for Defendant, The Philadelphia National Bank

Ernest R. Von Starck, Don B. Blenko, Donald A. Scott, Morgan, Lewis & Bockius, Of Counsel.

/s/ Philip Price, Attorney for Defendant, Girard Trust Corn Exchange Bank.

Carroll R. Wetzel, Minturn T. Wright, III, John J. Brennan, Barnes, Dechert, Price, Myers & Rhoads, Of Counsel.

[fol. 6875] [File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action No. 29287

[Title omitted]

Transcript of Argument Sur Pleadings and Proof—Filed November 3, 1961

Philadelphia, Pa., October 27, 1961

Before Hon. Thomas J. Clary, Ch. J.

PRESENT:

George D. Reycraft, Esq., John O'Donnell, Esq., P. Jay Flocken, Esq., and Charles A. Degnan, Esq., Trial Attorneys, Antitrust Division Department of Justice, Washington, D. C., for the Government.

Morgan, Lewis and Bockius by Arthur Littleton, Esq., Ernest R. von Starck, Esq., Donald A. Scott, Esq., Don B. Blenko, Esq., and Martin P. Snyder, Esq., for the Philadelphia National Bank,

[fol. 6876] Barnes, Dechert, Price, Myers and Rhoads, by Philip Price, Esq., Carroll R. Wetzel, Esq., Minturn T. Wright, III, Esq., and John J. Brennan, Esq., for Girard Trust Corn Exchange Bank.

[fol. 6877] The Court: Mr. Reycraft.

Opening Argument by Mr. Reycraft

Mr. Reycraft: If Your Honor please, I would like to begin this morning by reviewing briefly some of the facts which are fundamental to a consideration of the merits of this case. They would include the agreement to merge, the reasons given for the merger, the type of banking business engaged in by both the Philadelphia National Bank and the Girard, the areas in which they do their business, and the types of customers they serve. I would also like to examine the extent to which the Philadelphia National and the Girard are in direct competition in this area for the various types of banking business in which they engage, and since it has been contended that the elimination of competition here does not have competitive significance, I would like to examine these contentions also; and while I believe our brief has covered the important issues under the Sherman Act and the Clayton Act, I would also like to address myself to those questions and to some of the comments that have been made in the briefs that have been filed, and also the relationship of the Bank Merger Act of 1960 to the antitrust laws.

The Philadelphia National Bank, as Your Honor knows, traces its origin to the Philadelphia Bank, which was organized in 1803. The bank operates under a charter [fol. 6878] which was issued in 1864. Although it has taken over control of approximately 11 banks since that charter was issued, it has had a continuing corporate existence under that charter since 1864; and, of course, the Philadelphia National Bank is the second largest bank in Philadelphia and had, as of June 30, 1960, total assets of approximately $1,086,000, deposits of over $946 million and loans of over $523 million.

Now, approximately 57 per cent of these loans were in the commercial and industrial category. For many years Philadelphia National was the largest bank in Philadelphia, but it lost its position in 1956 to the First Pennsylvania Company, after the merger between the Pennsylvania Company for Banks and Trusts and the First National Bank of Philadelphia.

In 1951 the Philadelphia National began a series of acquisitions to add to its banking business by going into the retail banking field, and these acquisitions added about $173 million to Philadelphia National's deposits and 18 banking offices to its existing offices. Most of the Philadelphia National's growth during this period came from mergers rather than through internal growth from attracting new business, and this resulted no doubt in part from the fact that the Philadelphia National's offices were located [fol. 6879] in the more developed part of the city and they were not represented in the more expanding parts of the Philadelphia area, so that they were apparently unable to attract to their Philadelphia offices a sufficient amount of the new banking business from the rapidly growing counties around Philadelphia, and because of the necessity to go where the business was, they acquired nine banks between 1951 and 1958, and these nine banks all were admittedly in competition with the Philadelphia National when they were acquired.

Now, in expanding a bank there are three principal ways to do it: One is by increasing the capital to provide a basis to attract additional deposits. One is by selling stock. Another is by acquisition of other banks and also by transfer of funds from undivided profits.

Acquisition is no doubt the cheapest and the easiest way to expand any business, whether it is a commercial bank or any other type of business; and in addition to these three methods of expanding a bank's business, de novo branches may be established to attract new business, with the approval of the regulatory authorities.

Of course, an increase in capital accounts by any of these methods adds to the amount which a bank can lend to a single customer, and at the present time Philadelphia National's lending limit is approximately $8,000,000, whereas [fol. 6880] as in 1950 it was about $5,000,000, so it has

increased by $3,000,000 during that time, and this has been solely by acquisitions and transfers from undivided profits.

Philadelphia National Bank, of course, also makes loans to large local businesses, many of whom do business throughout the United States, and these businesses, of course, require banking connections, not only in Philadelphia, but in the other areas in which they do business.

The financial history of the Philadelphia National Bank has been excellent. Its present capital position is adequate. Its future earnings prospects are good, and the bank's general management is good.

The other partner to the agreement here is the Girard Trust Corn Exchange Bank, which traces its origin to at least as early as 1835. Until 1950 Girard had only one banking office, and in that year it had deposits of $216,000,000. Beginning in 1951 it acquired control of six banks, all of which were its competitors, and by June, 1960, it had total net assets of over $740,000,000, deposits of over $650,000,000, and loans of about $400,000,000, and about 49 per cent of these loans were in the commercial and industrial category.

These six banks acquired by Girard included Corn Exchange National Bank & Trust Company, the National [fol. 6881] Bank of Germantown, North Philadelphia Trust Company, the National Bank of Narberth, Ambler National Bank, and Upper Darby National Bank, and all of these banks, of course, were competitors of Girard at the time they were acquired.

Like the Philadelphia National Bank, Girard has added to its capital accounts during this period by the acquisition of other banks and by transfer from its undivided profits, but it has also sold capital stock and it has increased its capital lending limit by this means. Girard also makes loans to people outside the four county area, although, even more than the Philadelphia National Bank, its business is concentrated within this four-county area in which it has its offices.

Girard, on the record, as it has shown, has excellent management. It is in excellent financial condition, and its operating income has increased from approximately $17½ million in 1950 to a little over $38 million in 1960.

The combination of the two banks was first discussed in 1956, as I have said, shortly after the merger which made the First Pennsylvania Company the largest bank in Philadelphia, and this merger also had the effect of relegating the Philadelphia National Bank to second place in Philadelphia. These discussions, after a temporary halt, were [fol. 6882] culminated in the agreement to merge of December 20, 1960. It was on February 24, 1961, that the proposed merger was approved by the Comptroller of the Currency, and the complaint in this case was filed the following day, February 25, 1961.

The agreement between the banks provides that the business of the two banks will be consolidated under the charter of the Philadelphia National Bank "which shall continue after the effective date of the consolidation," and each of the outstanding shares of the Philadelphia National Bank is to remain outstanding and its stockholders are to retain their present rights to an equitable share of the assets represented by the stock. Each of the shares of Girard stock presently outstanding is to be converted into capital stock of the banking association which continues in existence under the charter of the Philadelphia National Bank, with its name changed to Philadelphia Girard National Bank & Trust Company. Each holder of an outstanding certificate representing shares of Girard stock is to surrender the stock certificate to the bank after the effective date and receive in exchange for this stock shares in the Philadelphia Girard National Bank & Trust Company.

The Court: Now, you argue pretty strongly that that is an acquisition of shares.

Mr. Reycraft: Yes, sir.

The Court: You are really pressing that?

[fol. 6883] Mr. Reycraft: I do, sir.

The Court: Let me ask you this: Suppose Girard stockholders lined up at a table, turned in their shares and got cash, then moved to the next table and put the cash down and got their shares of stock. What would you say about the shares in the new association with the merged assets? What would you say to that? Would they be acquiring shares or would they be selling shares for money?

Mr. Reycraft: If the Girard stockholders all sat down at a table and the Philadelphia National Bank gave them cash

for their shares and they then moved to another table and the assets were conveyed—is that the question?

The Court: Yes.

Mr. Reycraft: I think, Your Honor, there would be no doubt—and I really think I would like to have you ask Mr. Littleton this question—I think there would be no doubt that cash acquisition of stock would be well within the meaning of Section 7 of the Clayton Act.

The Court: I am not talking about that. I am saying that they buy the assets of the bank and pay off the shareholders at X dollars. The shareholders have been paid off.

Mr. Reycraft: Well, under the old Arrow-Hart case the Federal Trade Commission jurisdiction would be ousted [fol. 6884] by such a transaction, because once stock is retired——

The Court: What has the Federal Trade Commission got to do with banks?

Mr. Reycraft: Well, I am talking about the type of stock acquisition that was referred to in the Arrow-Hart, and this is a similar type of transaction, I believe, that Your Honor is referring to. The Arrow-Hart case said that once the stock is retired, the Federal Trade Commission being a statutory agency is limited in its power to grant relief to divesting the physical stock which is actually acquired. Once it is retired, it is no longer in existence. The Federal Trade Commission was ousted of jurisdiction, and, of course, it was to reverse this proceeding that Section 7 was amended in 1950; but in the Arrow-Hart case itself it referred to the Thatcher case, where reference is made to the power of a court of equity to look through such a transaction, and I think it also might be said that if the stock was being held at the time the Federal Trade Commission has filed its complaint, no matter what the intention was to accomplish other transfers of assets thereafter, the Federal Trade Commission would have had jurisdiction.

Now, I use the Federal Trade Commission not because it has jurisdiction of banks, but to illustrate the point on the acquisition of the stock.

The Court: All right, let us assume this, that the Phila- [fol. 6885] delphia National Bank, regardless of shares of stock or anything else, paid $700 million.

Mr. Reycraft: In cash.

The Court: In cash, for the assets.

Mr. Reycraft: I would say that is not covered by the Clayton Act.

The Court: And then the Girard stockholders decided that they do liquidate and pay off their shareholders, and then the shareholders at the same time buy stock in this new bank.

Mr. Reycraft: Well, if there was a cash purchase of the assets, and this is the type of transaction that was involved in the Columbia Steel case, and it is the reason the Department of Justice attacked that under Section 1 of the Sherman Act rather than the Clayton Act. It is not our position that this is covered by the Clayton Act, but if any part of the transaction involved a stock acquisition, then the entire transaction, I believe, Your Honor, is brought into the Clayton Act.

You can't say, "We have done a couple of things which may be illegal, and if one of the things which we have done is legal, that makes the whole thing legal."

It is quite the opposite.

The Court: In other words, you can't buy assets with [fol. 6886] stock? Is that what you are saying?

Mr. Reycraft: Well, I am saying——

The Court: Don't you have to go that far?

Mr. Reycraft: No. I am saying that if there is no transfer of the stock or other share capital, that it wouldn't be a stock acquisition. I say you can pay for assets with wampum or with anything, including stock, and that would be a purchase which would not be within the Clayton Act if it was purely a purchase of assets, but where it involves the entire transfer of the stock or other share capital, which it does, it would be covered by the Clayton Act.

My position, Your Honor, is here, if this transaction is consummated in the manner in which it is now intended to be consummated, there is not going to be anything left.

Now, there is share capital or stock outstanding at the present time, and I would say, what happens to that stock? If it hasn't been acquired, where did it go? And I think clearly it has been acquired. They have acquired and they wish to acquire every single thing which the Girard Trust has—its assets, its share capital. Everything that the Girard has will be acquired by the Philadelphia National

Bank and continued under its existing charter. So I say [fol. 6887] that they have acquired everything; and if any part of that acquisition is a stock acquisition, and literally under the contract they are acquiring the stock, and I think realistically they are acquiring the stock and share capital and the equity interest represented by the stock and share capital, I say it comes within the Clayton Act.

[fol. 6888] I would like, if I may, Your Honor, to refer at this point to the du Pont-General Motors case. Your Honor will recall, I know, that for a number of years there was a controversy as to whether Section 7 of the Clayton Act applied to vertical acquisitions, when it is a stock purchase, when it was a vertical foreclosure rather than a horizontal acquisition.

Now, for many years the Federal Trade Commission had been telling Congress that it did not apply to vertical acquisitions and they had been asking Congress to amend the statute to make it clear that it did.

Now I would like to read this quote because I think it is so important. The Supreme Court (and this is in 1957, in June), said:

> During the thirty-five years before this action was brought, the Government did not invoke Section 7 against vertical acquisitions. The Federal Trade Commission has said that this section did not apply to vertical acquisitions.

Also, there is a citation to an FTC report. Also, the House Committee considering the 1950 revision of Section 7 stated:

> "It has been thought by some that this legislation (that is the 1914 Act) applies only to the so-called horizontal mergers."

[fol. 6889] The House report adds, however, that the 1950 amendment was proposed, and I quote, "to make it clear" and the Supreme Court emphasized "to make it clear" that the bill applies to all types of mergers and acquisitions, vertical and conglomerate as well as horizontal, to make it clear that the bill, that is old Section 7, which is limited to stock acquisitions of the type in the

Arrow-Hart case, applies to all types of mergers and acquisitions, vertical and conglomerate, as well as horizontal.

So I say to whatever extent the briefs have talked about the dictum in the Arrow-Hart case applying to corporate mergers, and they talked about the Celanese case, which was decided in 1950, in June, and the amendment to the Clayton Act took place in December of 1950. Substantially, the Celanese case contributes to this amendment taking place and the House Committee at that time on the 1950 amendment, after the Celanese case, Your Honor, and after the Arrow-Hart case, said the 1950 amendment was proposed to make it clear that the bill applies to all types of mergers and acquisitions, vertical and conglomerate, as well as horizontal.

So I think that whatever inference there is and whatever dictum there is in the Arrow-Hart case, of course, the Celanese case is more than dictum. The Celanese case [fol. 6890] holds that Section 7 does not apply to corporate mergers, but I think that this amendment in 1950 was to make it clear that the bill applies to mergers, and I can't read this language in any other way, and it is adopted by the Supreme Court in 1957 and followed by the Supreme Court.

Now if I may proceed, I would like to answer any further questions on this line, Your Honor.

The Court: Go ahead.

Mr. Reycraft: As I said, the Columbia Steel case did involve a cash purchase of assets. Now, it was about $8 million (a little over $8 million) that they paid for the assets of Consolidated. The United States Steel bought Consolidated's assets through its subsidiary, Columbia. If they had paid for it by any other means of payment it would still not be within Section 7 at that time, if it was solely a purchase of the underlying assets.

Consolidated, as a corporation, continued in existence after this purchase of its assets. It continued and I don't know to what extent it engaged in business or what the nature of its remaining assets were, but it was no merger; it did not acquire the stock or the share capital of Consolidated.

By way of reviewing the background (I know Your Honor is familiar with it but I would like to review the fact) [fol. 6891] the banks have taken the position that by merging they would be able to increase their deposits and their lendable funds in Philadelphia by attracting new banking business to Philadelphia banks, with the result that more money would be available to meet the needs of the economy of the Philadelphia area.

Now, they said that a substantial amount of banking business which rightfully belongs to Philadelphia, as they have expressed it, is now going to banks outside Philadelphia as a result of what are claimed to be the low lending limits of Philadelphia banks. In addition, the banks believe that Philadelphia National and Girard combined would have the necessary capital to improve their personnel, increase advertising, establish advisory departments, and better publicize the advantages to businessmen of establishing plants in the Philadelphia community, and that the present resources of the Philadelphia National and the Girard separately are not sufficient to accomplish these things. In addition, the banks expect to expand the operations of their Foreign Departments to secure a larger share of the banking business connected with the Port of Philadelphia, and perhaps most importantly from the emphasis which has been placed on the defendants' case, they think they will have to merge in order to compete better with New York banks, which even now are attempt- [fol. 6892] ing to expand, to get bigger.

Against these claimed benefits to the public the Government contends that the proposed merger would unreasonably restrain trade because it would eliminate all competition between the two banks; that the competition eliminated would be substantial; and that if approved the merger will tend toward monopoly in commercial banking in the four-county area in which the banks have their banking offices.

Now, I don't think there is any doubt that if the proposed merger violates the antitrust laws any claimed benefits arising from it would be irrelevant. Congress, when it enacted the antitrust laws, established a national policy that competition was the greatest regulator and greatest protector of the public interests and the national economy.

The national policy has been reaffirmed by the Supreme Court on numerous occasions and when Congress has determined to except any area of the economy from the antitrust laws it has done so specifically and it has done so in a way that couldn't be mistaken, and there are a number of cases which hold that these exemptions can not be inferred.

So, despite this principle which has been reaffirmed by the Supreme Court as recently as the Maryland and Virginia Milk case and the RCA case, which, of course, arose in this District, I would like to examine the claims of public [fol. 6893] benefit which have been made by the banks because it is our conviction that the antitrust laws and competition continue to be the most effective means of preserving the free-enterprise system and that the public interest is best served by the national policy of preserving and promoting competition rather than by the elimination of competition through merger or other types of restraint.

Now I would like to review the nature of the competition eliminated between the banks, and in doing so I would like to make reference to the Government's proposed findings of fact.

Finding 286 refers to the fact that Dr. Harris testified that there is presently substantially direct competition between the head offices of Philadelphia National and Girard, and that if this merger were approved this competition would be entirely eliminated. Your Honor knows far better than I that the head offices of these banks are directly across the street from each other and it would be hard to visualize a situation in which the competition was more direct.

But, as far as the business of the two banks is concerned, they have mutual or common account customers with deposit balances of over $10,000 or more and loan accounts of over $50,000 in the following amounts:

Their checking accounts, there are 392 common checking [fol. 6894] accounts. These are accounts where the same people have an account in both the Philadelphia National and the Girard and there is $163 million in those accounts at the Philadelphia National and over $100 million in the Girard.

With respect to loans, there are 67 loans to common

customers, over $48 million with Philadelphia National and over $43 million with the Girard.

Now, this shows that they serve the same type of customers and that they are in substantial direct competition.

There are tables that the defendants have put in concerning the locations of their branches. Some of these branches are in competition with each other and some are not.

Finding 308 indicates that in those branches which, within the defendants' own definition, are in competition with each other, that is, those within a mile of each other in the city and those within two miles of each other in the suburban counties, there are IPC deposits of $348 million in these branches in the Girard and $352 million of IPC deposits in these branches of the Philadelphia National.

There are $123 million in loans in the Girard branches and $286 million in the branches of the Philadelphia; and these are in branches which are in admitted competition between the two branches.

[fol. 6895] Now, Dr. Harris also testified that the branches of the banks are in direct competition for all banking business involving loans of $50,000 and over, so that these limitations on the geographic areas served by the branches of one mile in the case of the city branches and two miles in the case of the suburban branches affect largely the smaller depositors and the smaller borrowers who will undoubtedly go to a banking office which is convenient to them. But when you get into the area of larger loans to business, as Prof. Harris testified, $50,000 and over, they are all in competition and anybody located in the local area could go to any of these branches for such a loan.

With respect to real-estate loans, in September of 1960 the Philadelphia National had $47 million in real-estate loans and the Girard had about $28 million and they compete actively and directly for loans of this type.

With respect to trusts, the Philadelphia National has increased its trust business tremendously. It started in 1950 with no trust business; it now administers approximately $400 million in trust assets. Girard administers approximately $2¼ billion; so they are competing very actively and very vigorously, and Philadelphia National is competing very successfully in this new area of business

for it. Both banks act as trustees in administering pension [fol. 6896] and profit-sharing funds for corporations and they admittedly compete for this type of business. Mr. Potts testified to that.

Both banks, as far as trust business is concerned, depend upon the four-county area for more than 70 per cent of their personal-trust business, so they are in active direct competition for trust business in the four-county area.

Now, as far as demand deposits are concerned, as Your Honor knows, this is the most important category of deposits for any bank. They represented, as of June 15, 1960, 86.5 per cent of all the deposits of Philadelphia National and 80.6 per cent of all the deposits of Girard; and they compete actively for these demand deposits throughout the four-county area.

Now, the benefits claimed are principally the following:

The increased lending limit from $8 million for Philadelphia National to $15 million for the combined bank. At the present we have gone into this in so much detail that I hate to repeat it for Your Honor, but the two banks together can lend $14 million, separately, $8 million and $6 million. The only increase in the lending capacity of Philadelphia banks that will be available will be the $1 million [fol. 6897] which is going to be transferred from the undivided profits; and this, of course, can be accomplished without any merger, so the banks are not going to increase the lending capacity of Philadelphia banks. They are going to combine existing lending capacity, and we don't think that combining can be described as growth in any meaningful sense of the word. It is merely adding up what Philadelphia already has, the resources that are already available for Philadelphia.

Now, there were sixteen lines of credit (and I am referring now to Finding No. 475, Proposed Finding 475), as to which Philadelphia National has extended its maximum line of credit of $8 million as of the date of these exhibits; and of those borrowers, which are presumably among those that need loans the most, only ten of them had made average commercial loans of $1 million or more from Philadelphia National in 1960; six had made loans under $1 million; and ten had made no loans at all from

Philadelphia National. I misspoke. There are twenty-six rather than sixteen.

Now, of those companies on the exhibit, D-26, which is referred to, Mr. Brown testified that nine now have lines of credit with both the Philadelphia National and the Girard, so they are not going to be able to increase their maximum by any merger.

As of December 22, 1960, only two of the loans outstand- [fol. 6898] ing at Philadelphia National were at the lending limit of $8 million and Girard didn't have any loans outstanding as of that date at its lending limit. In the past five years Philadelphia National has had only five requests for loans in excess of its lending limit and in three of those cases they either gave participation to other banks, they arranged with those other banks so that the full amount requested was available.

Mr. Brown, when he testified here, couldn't recall any occasion in the past ten years in which his bank had to refuse a request for a loan because it was in excess of his lending limit, and apparently when one customer did make a request, apparently in Exhibit D-40, for a $7-million loan, they arranged a participation with another bank for $1 million.

The Court: Is that strange? Is that a strange phenomenon, that people who are borrowing up to $10 million would not know to the penny what the lending capacity of a bank is?

Mr. Reycraft: I think they probably would. Most of them probably would.

The Court: I don't think it is at all strange that they don't get the requests because the financial vice-president would know to the penny the lending capacity of every [fol. 6899] bank in his area.

Mr. Reycraft: Yes, I can understand that, Your Honor.

The Court: Of course. I place no significance on that.

Mr. Reycraft: Of course, I do think that the fact of those customers, as I have said, in Finding 475, who had Philadelphia National's maximum line of credit of $8 million, only ten of them had commercial average loans of $1 million or more from Philadelphia National.

The Court: That is average.

Mr. Reycraft: That's right.

The Court: We are talking about yearly average.

Mr. Reycraft: That's right. That's right.

The Court: All right.

Now, how about at different times during the year that they were up and down to the limit?

The ability to have that money for a few days might mean the difference between a transaction and not a transaction. Isn't that true?

Mr. Reycraft: It could.

The Court: Only for a few days.

Mr. Reycraft: But for a $1-million average over the year [fol. 6900] there would have to be very substantial ups and downs to make it go much beyond $3 million or $4 million, and I think the record probably shows this, but I can't refer to it precisely at this point.

The Court: I know.

Mr. Reycraft: But ten of them had no loans at all. Ten of the companies with maximum lines of credit had no loans at all, so no matter how you average that out you get no loans.

I think I have already said that these companies with the large lines of credit with the Philadelphia National, many of them, in fact, nine of them, also were among the twenty-seven customers at Girard with maximum lines of credit; so these customers already have the maximum facilities that these two banks can provide, except for this increment of $1 million which they can transfer anyway.

Also, as it was stated in the record, at page 3915 of the transcript, of 115 loans as to which the Philadelphia National Bank offered participation in 1959, none of them was offered because the loan requested was in excess of Philadelphia National Bank's lending limit.

I would agree with Your Honor, certainly, that the financial vice-presidents of these companies know the lending limits usually of the banks. It would not be unusual at all [fol. 6901] for them to request you to take your lending limit and try to arrange with some other bank for the overage; but apparently of the 115 loans in which participations were offered, none of them were for the reason that they were in excess of Philadelphia National's lending limit.

There was also testimony by Mr. McDowell to the extent that the higher lending limit of the proposed merged bank was an advantage to the bank, it would be an important

factor in the combined bank's efforts to attract the business of national customers away from other Philadelphia banks and that the bank intended to try to do this. Now, this would put the combined bank at a substantial competitive advantage over the remaining banks in the area.

The Court: Isn't it strange that the smaller banks came in and said, "We want this because we are going to get more business?"

Mr. Reycraft: Well, I think it is probably not too strange. Some of them were correspondents of the two banks.

I suppose in any situation where you would have a group of competitors it is not too difficult to find competitors who would rather have fewer people sharing the business and who might hope, possibly in vain, to get some dissatisfied customers. If you have fewer people sharing the business, [fol. 6902] why, maybe you are going to get more of it and maybe for a couple of these banks they will get a little more business; but for the national business, the bigger business, they are not going to get more of it.

If the banks are right in what they say about the need for the merger, about the fact that it is going to allow them to improve their services and improve the quality of their personnel, the quality of their personnel seems very high to me right now from what I can see, but if they are going to improve it even more over what it is, presumably, if it is going to help them get business, the smaller banks are not going to have this ability to have the same caliber personnel as the combined bank.

We have also heard the argument about the New York banks taking business away from Philadelphia and the only facts we have in the record on that which would show totals are those in the Federal Reserve study, which are set forth in Finding 573, which indicate that $113 million in loans to Philadelphia-based companies were outstanding as of October 5, 1955.

The Court: Yes.

Mr. Reycraft: Now, by comparison, presumably the reason for this (according to the argument) was that the Philadelphia banks' lending limit was not adequate to take [fol. 6903] care of these customers and therefore they went to New York; but you take a city like Los Angeles, where

the Bank of America has its offices, with the largest lending limit of any bank in the country, $55 million. New York banks had $218 million of business out of there.

Take Chicago, which has a bank with a lending limit of $27,500,000; they had $375 million of banking business there.

So that for national companies who are in very high categories of borrowing, even over $15 million, there are still going to be some of these companies that go to New York. The president of the Pennsylvania Power & Light Company, for example, and one or two of the oil companies testified that for some of their business they would go to New York in any event; so I don't know how much of this $113 million worth of business could be kept in Philadelphia. Maybe some of it could, but it wouldn't be, I submit, anywhere near all of it.

Now, the question of the line of commerce involved in the case, lines of commerce, analysis of lines of commerce under the Sherman Act and the Clayton Act involve similar considerations. Unlike the Section 2 cases where the question of power is raised, there is no question of the power of the combined banks over price. The Section 1 [fol. 6904] Sherman Act allegation charges that there is a substantial lessening of competition or an unreasonable elimination of competition between the two companies. In a monopoly case, on the other hand, such as the cellophane case, it is necessary to prove that the monopolist had the power to exclude competition where it desired to do so or the power to set its price without regard to competitors' prices; so that in the monopoly case the existence of each such substitute product or alternative service becomes significant in determining whether power over price exists.

As I have said, the charges in this case are the elimination of competition between the companies. They are in substantial direct competition and the charge is that that competition is going to be eliminated, not that they have power to set price without regard to their competitors' prices, and not that they have the power to exclude competition, although we do contend and we are satisfied that there is a tendency to monopoly or that there would be resulting from this merger in the area, in that other banks

would try to merge to catch up and you would have an increase in concentration.

The Court: Doesn't there have to come a point sometime that it is cut off? If it got down to one bank, everybody admits that.

[fol. 6905] Mr. Reycraft: I would think so.

The Court: But isn't it a question of reasonableness?

Mr. Reycraft: There is a question of the amount of competition eliminated, the time when the amount of competition eliminated becomes unreasonable.

I would say, for example, that if between these two banks they had $1 million or $2 million of direct competition, for example, suppose they are at opposite ends of the four-county area and further apart, and you could really show that they were not in direct competition except to a very minimal amount—I would say certainly the elimination of that competition wouldn't probably be unreasonable. It might have a tendency to monopoly in that it might encourage other banks to merge and it might encourage these same banks to merge.

But there is a point and nobody knows what it is, Your Honor. I would certainly not stand here and say that I could give any rule of thumb or any rule of any kind as to the point at which the elimination of competition becomes unreasonable and becomes a violation.

The Court: Whose duty is it to determine that?

Mr. Reycraft: The Court's, Your Honor.

The Court: I am afraid so; I am afraid that is correct.

[fol. 6906] Mr. Reycraft: I might say, Your Honor, while at the lower end of the spectrum where, as I have said, there might be $1 million or $2 million of direct competition, I wouldn't be contending here, Your Honor, that the competition eliminated is substantial.

But when you review the fact that these banks are directly across the street from each other, that they are admitted direct active competitors of each other; that they are both very fine banks, they are very strong banks, they have excellent personnel, you have to measure, I think, the amount of competition which now exists between them in terms of the type of business they do. Well, the common checking accounts, for example—there are hundreds of millions of dollars of common checking accounts; and the

same way with the loans, there are millions of dollars of business where they are in active direct competition.

The Court: Is there any explanation of why this suit was started and there have been merger upon merger upon merger all over the United States, and putting lending limits of $25 million and $50 million around; and the Government never moved?

Mr. Reycraft: Well, Your Honor——

[fol. 6907] The Court: If it applies to this case, it certainly applied then; and why?

Mr. Reycraft: I am glad you asked that.

The Court: Is there any explanation?

Mr. Reycraft: Well, in explanation I would say that since we left Your Honor at court here a few months ago, there was a merger in New York City between the Manufacturers Trust and the Hanover Bank, and the Department of Justice has filed suit in that case.

There was a merger between the Continental Illinois and the City Bank in Chicago.

The Court: Yes, but as I understand it, you started suit here the day after the Comptroller of the Currency approved the merger.

Mr. Reycraft: Yes, sir.

The Court: You permitted that one out in Chicago to go on until the night before the merger and you didn't do a thing about it—you, the Department of Justice.

Mr. Reycraft: Well,——

The Court: Now, it seems awfully strange to me that that situation exists.

Mr. Reycraft: Now I would like to give you the exact dates. I will give you the exact dates for the record, but we filed our suit in the Continental Illinois case a few days after the Comptroller's approval. It was a few days after [fol. 6908] the Comptroller's approval, and obviously those banks knew of our interest in the merger and I may say, Your Honor, that the reason for their haste in merging was to try to avoid the jurisdiction of the Court and to try to beat the Department to filing the case.

Now the same thing is true in the New York situation, where in the Manufacturers-Hanover case we filed a complaint two days after, not one day after.

The Court: We are talking about this year.

Mr. Reycraft: That is this year.

The Court: Now what happened in other years?

Mr. Reycraft: Other years?

The Court: Yes. What happened, because if the Sherman Act applies it applied 15 years ago and when this started five or ten years ago the Department of Justice sat on its heels, never got up, and didn't do a thing about it. Then, suddenly, in a relatively small situation, they file a suit here.

Mr. Reycraft: Well, I cannot, of course, explain to Your Honor why other suits were not started earlier than during this current year.

The Court: Naturally; you weren't even in the Department.

Mr. Reycraft: Well, I am afraid I was, Your Honor.

[fol. 6909] The Court: Were you?

Mr. Reycraft: I am not in a position and was not then in a position to be able to tell Your Honor with any certainty as to what the reasons were, but I was there and I might say there was some disagreement about it at the time.

As I said, we don't contend in this case that there is going to be a complete monopoly in commercial banking in Philadelphia, but we do think the tendency to monopoly result would be clear. You don't need, I don't think, in proving a tendency-to-monopoly case, to consider all the substitute services which might be available; all you need to show is, once there is a line of commerce, that there is a tendency to monopoly in that line of commerce.

In the Supreme Court's opinion in the du Pont-General Motors case, the line of commerce in which the tendency to monopoly was found was automobile finishes, and fabrics. Now there may have been and there probably were other types of finishes and fabrics which might have been adapted for use in the automobile industry and might even be intended to be substitute products; but the Supreme Court found that these automobile finishes and fabrics had sufficient peculiar characteristics and uses in themselves that they were definable as a line of commerce.

[fol. 6910] So that the line of commerce can be quite narrow, as long as it has sufficient peculiarities and characteristics to distinguish it from all others.

The Court: Does that mean that it appeals to the idiosyncrasies of a single Judge?

Mr. Reycraft: I wouldn't be able to say that, Your Honor.

The Court: Go ahead.

Mr. Reycraft: In the du Pont cellophane case, on the other hand, the Supreme Court did consider substitute products because the issue in that case was a monopolization, the power to price and the power to exclude competition. If you are talking about issues which involve the power of a monopolist to raise his price without regard to competition, then you have to look at the kinds of products that might come in that might affect his power over that price.

In the du Pont cellophane case the Supreme Court, and the defendant's brief in that case, said that cellophane was a part of trade or commerce which could be monopolized; that it was a monopolizable part of trade and commerce within the meaning of the statute, but what they found, however, was that du Pont did not have monopoly power over that part of trade or commerce because of these other substitutes. They even went so far as to take in brown [fol. 6911] wrapping paper, to say that it was a sufficient substitute that it affected du Pont's power over price.

In a case of that type, that case went rather far in considering substitute products, but it is a factual matter as to the degree of power over price; whereas in a Section 7 case and the Section 1 Sherman Act case substitute products are not relevant once the line of commerce is determined.

In the recent Crown Zellerbach case in the Ninth Circuit, the Ninth Circuit said that in the phrase "In any line of commerce" the words entitled to emphasis are "any line of commerce;" that is, if in one out of all of the lines of commerce there is an anticompetitive effect, that is sufficient to literally meet the test of the statute.

As early as 1929, in the Van Camp case, the Supreme Court said, "If the forbidden effect or tendency is produced in one out of all the various lines of commerce, the words 'in any line of commerce' literally are satisfied."

In the Columbia Steel case, and this was a Section 1 Sherman Act case involving a merger in which the anti-

competitive effects claimed were primarily vertical rather than horizontal, the lines of commerce were fabricated structural steel products, all rolled steel products, and pipe, and there wasn't any analysis so far as I am able to [fol. 6912] find of substitute products in that case because it was a Section 1 Sherman Act case involving a merger rather than a monopolization, and as far as the importance of the market foreclosed in the Columbia Steel case I think the fact that the United States Steel, through Columbia, paid just a little over $8 million for the assets of Consolidated, there wasn't an extremely large market that was being foreclosed.

By way of comparison, I believe the market value of the assets of the Girard at the present time range around $91 million as of the last date for which those figures appear in the last record. It runs $91 million and probably a little more at the present time.

The Court: Did you say the assets of it?

Mr. Reycraft: The value of the assets, not the deposits. The deposits are over $700 million; but the underlying capital, the capital structure of the bank, the physical assets, the fair market value of the stock, that is, if you take all the shares of stock at their market value and add them all up, you get about $91 million.

The Court: What do you do when you add up the assets against the shares of stock? The shares of stock only represent assets. What are the assets worth?

Mr. Reycraft: Many of them are deposits which are owed to the customers and for that reason they are not [fol. 6913] worth as much as assets which are not owed to somebody.

The Court: All right.

Mr. Reycraft: As applied to this case we think it is clear that regardless of the amount of competition which commercial banks might receive from other financial institutions in some lines, commercial banking is a line of commerce and that both economic and geographic market analysis based on commercial banking, is the appropriate take-off point; but the type of competition which is received by commercial banks from other financial institutions is such that they simply do not provide an adequate substitute for the services that a commercial bank can

render. I would like to look at some of these, some of the peculiar characteristics that commercial banks have which do, I am genuinely convinced, make them a line of commerce within the Clayton Act and the Sherman Act.

They are the only financial institutions which have the ability to create demand deposits.

They are the only financial institutions which are permitted by the law to accept demand deposits. They are the channel through which most of the currency in circulation finds its way into the economy.

They administer our economic system of payments by paying and clearing checks, and I think it is obvious [fol. 6914] that no business with sales of more than a few thousand dollars a year can operate effectively without a checking account. There is some discussion in this case about postal money orders and that sort of thing, but I think that hardly is entitled to serious consideration as a means by which you can operate any kind of a business.

Commercial banks are also the most important source of commercial and industrial loans. They are the most important source of loans to individuals, and they are virtually the only source of loans to most individuals at reasonable rates.

Commercial banks are also unique in the function they perform as the department stores for business. They provide a variety and range of services which are available collectively from no other financial institution.

The Federal Reserve System itself was established to administer commercial banks, so that this, in itself, distinguishes commercial banks from other financial institutions.

Now, as the defendants themselves expressed it in their brief on page 46, consideration must be given to "The peculiarities of the banking business which distinguish it from all others." It is certainly true that commercial banking has pecularities that distinguish it from all other business.

[fol. 6915] In the Trans-America case in about 1948 the line of commerce involved was commercial banking, and the opinion of the Court in that case was based upon the assumption that commercial banking was the appropriate line of commerce, and the opinion does not indicate that

any serious question was raised about commercial banking being the appropriate line of commerce, so that issue is not one that is really novel in this case.

This case is first under the particular circumstances, but as to the question of the line of commerce, I think one can say it is resolved in the Trans-America case; and the Clayton Act itself, by referring to bank acquisitions specifically, I think, recognizes that the banks are a line of commerce which is entitled to be protected within the meaning of the Act.

Indeed, some of the findings that the defendants have proposed, 9 through 43, support our claim that commercial banks are unique in many respects. Commercial and industrial loans are, we believe, a separate line of commerce of part of trade or commerce. The importance of commercial loans, commercial and industrial loans, of the commercial banks, is illustrated by the fact that for Philadelphia National about 57 per cent of all their loans in 1960 are commercial and industrial, and for Girard about 49 per cent.

[fol. 6916] Professor Harris testified that financial institutions other than commercial banks cannot readily supply the commercial loans needed by businessmen and that unsecured short term commercial loans are readily available to Philadelphia businessmen only from commercial banks.

Well, in Philadelphia there are about 35,000 retail establishments. There are about 6100 industrial concerns and 5900 wholesale establishments. With very few exceptions, all these businessmen require the services of commercial banks in Philadelphia for borrowing requirements, and this is by far the overwhelming numerical majority of the Philadelphia business population, and not the few businesses, some of whom are located here, I understand, who need more than a million dollars in loans and who do have access to banks in other cities.

Dr. Harris testified that there is very little competition for commercial banks from other financial institutions for loans under $50,000. As far as installment loans to individuals are concerned, the interest rates that are available from commercial banks certainly distinguish them from the lending business available from other financial institutions.

In fact, loan companies themselves are able to borrow from commercial banks at commercial bank rates and re-lend at prices at which they make a profit.

[fol. 6917] Dr. Harris testified that the percentage of total single-payment loans to individuals from sources other than commercial banks is insignificant.

Now, as far as real estate loans are concerned, I would like to refer to the Federal statute on Federal savings and loan associations, which is in 12 U.S.C.A. 1464:

Federal savings and loan associations may lend up to $35,000 on first liens on homes or combination of homes and business property within 50 miles of the main office and further with permission of the authorities. They can lend up to 20 per cent of the assets for first-lien loans without any restriction. An additional 20 per cent may be used in making or purchasing interests in first liens on one to four-family homes, but the last two categories together may not exceed 30 per cent. That is, the unrestricted part and the part up to four-family homes can't exceed 30 per cent of their assets; and up to 15 per cent of their assets can be used for loans up to $3500 for property alterations and repairs.

The Court. $3500?

Mr. Reycraft: $3500, yes, sir, and a limited amount for land when it is related to residential use; and the Pennsylvania statute on building and loan associations, which is in Pudon's Pennsylvania Statutes, No. 15, Section 1074-[fol. 6918] 903, says that a state savings and loan association is required to primarily confine its mortgage lending to loans secured by residential real property used as a dwelling for not more than four families; and 15 per cent of the total assets may be used for mortgage loans up to certain stated percentages of the value of five or six-family residences.

So both Federal and State savings and loans concentrate primarily on residential mortgages and they are not effective competitors in the larger mortgages which are needed, for example, for building an industrial plant or building anything really beyond a residential property.

The geographic area of primary competition between the two banks can be measured, I think, with a considerable degree of certainty.

By state law, as Your Honor knows, the two banks can have bank officers only in the four counties of Philadelphia, Bucks, Delaware, and Montgomery. The defendant's brief seems to suggest that the four-county area is something that the Government thought of so that the percentage would be higher than if they used the ten-county area or the whole northeastern United States or some other area that they claim might be appropriate, but it seemed perfectly obvious to us that the very foundation of a bank's business is in the area where it does have its banking offices. [fol. 6919] They contended, on the one hand, as far as their branches are concerned, they are really only drawing business from an area within one or two miles, and this applies, I suppose, to most of their branches, and within the city they say one mile, and in the suburbs they say two miles.

No doubt the head offices, which have about a third of the bank's business in each case, have a wider area of possible lending and deposit activities, but the fact that all of their offices are in the four-county area establishes the real foundation for the bank's business.

Now, we don't dispute the fact that the two banks compete for some business in Camden and that they compete for some types of banking business beyond the four-county area in Pennsylvania and other places in New Jersey and Delaware. We think they do to some extent compete in those areas. I think they probably compete for correspondent banking business that originates in Paris and London and Rome perhaps in some degree; but I would like to review their own figures, and these are their own exhibits, which show what the most relevant and the most important source of business is for each of them, and they are not theoretical figures and they don't require any kind of theoretical economic analysis to show what their importance is, because the facts of business life are that the most im- [fol. 6920] portant area of your business is the place where you get the most business and where you make the greatest profits, and these figures are set forth in our findings, which reproduce many of the defendant's exhibits; and No. 258 shows that for commercial and industrial loans under $50,000 the Philadelphia National has 75 per cent of its loans originating in the four-county area.

Now, suppose the area they selected was the ten-county area, which they claimed at various times, there is only 4 per cent of their business of this type that originates beyond the four counties and within the ten counties. In the northeast U.S. about 21 per cent comes. So there is business of this type outside the ten-county area.

For loans between $50,000 and $100,000 74 per cent originates in the four-county area and only 5 per cent in the remainder of the ten-county area, and small amounts in other of these categories they use, such as the rest of the Third Federal Reserve District and the rest of the U.S.

Over-all, in fact, it isn't until you get to loans of over a million dollars, that the percentages of business which originates within the four-county area gets below 50 per cent, and for all of their commercial and industrial loans [fol. 6921] of Philadelphia National, 54 per cent originates within the four-county area, and this, it seems to me, just by simple logic, is the most important area of the country.

For the Girard, 67 per cent of their loans under $50,000 originate in the four-county area, 74 per cent between $50,-000 and $100,000; 69 per cent between $100,000 and $500,-000; 55 per cent between $500,000 and $1,000,000; and even over a million for the Girard, 56 per cent originate within the four-county area, and over-all 63 per cent of their total business, total commercial and industrial loan business, originates within the four-county area; and with the two banks combined, 57 per cent of the combined business would originate within the four-county area.

Now, if you take Dr. Harris' statement that all business over $50,000, all loan business over $50,000, the area of competition is all of these banks within the area, there is competition I think across the board for virtually all of this commercial and industrial loan business over $50,000.

Now take the loans to individuals, and you get an even greater percentage originating in the four-county area. In the case of the Girard, 70 per cent originates within the [fol. 6922] four-county area; in the case of the Philadelphia National 75 per cent; and the combined banks would have 72 per cent originating within the four-county area.

Real estate loans, all together 74 per cent originate within the four-county area for Philadelphia National and 84 per cent for Girard, and combined it would be 78 per cent.

For lines of credit of $50,000 or more, by number, in the four-county area, for Philadelphia National, 58.3 per cent, and for Girard by number 60.6 per cent.

For personal trust business, I think I have already said that 72.3 per cent of Girard's business originates in the four-county area and 94 per cent of Philadelphia National's originates in the four-county area.

Time and savings deposits, 96 per cent of the combined bank's time and savings deposits originates in the four-county area; and for time deposits of partnerships and corporations, 67.6 per cent; for time deposits of domestic banks, 89 per cent; for time deposits of states, 94 per cent.

Now, for demand deposits, which, as I have said several times, is the most important category for commercial banks, under $10,000, 99 per cent of all the demand deposits of the Philadelphia National Bank originate within the four-county area; from $10,000 to $50,000, 79 per cent; from [fol. 6923] $50,000 to $100,000, 65 per cent; from $100,000 to $500,000, 58 per cent; and even over $500,000, 63 per cent originate within the four-county area, so that over-all 66 per cent of the total demand deposits of Philadelphia National originate within the four-county area, and as has been true with the other categories, as far as Girard is concerned, an even greater percentage originates within the four-county area—90 per cent under $10,000, 86 per cent between $10,000 and $50,000, 81 per cent between $30,000 and $100,000, 71 per cent between $100,000 and $500,000, and 76 per cent over $500,000, so that 78 per cent of all of its business in this category originates within the four-county area.

Of course, in these categories, as in the other categories, there is business outside the four-county area. There is some business in Camden; there is some business perhaps in Wilmington, Delaware. I don't know, perhaps in other places in New Jersey, and they are competing for this business. I don't see how there can be any doubt about the fact that the most important and the most relevant area of competition between these two banks is in these four counties.

Now, as far as the relative size of the two banks compared with other banks in the area, Your Honor knows [fol. 6924] quite well that the proposed merger would put

the Philadelphia combined bank about 50 per cent ahead of the First Pennsylvania in terms of assets and deposits and loans. The combined bank would hold about 39.2 per cent of the total assets of all commercial banks with head offices in Philadelphia and 35.7 per cent of the total assets of all commercial banks with head offices in the four-county area. It would have 34 per cent of all the loans of all commercial banks with head offices in the four-county area, and it would have 42 per cent of the commercial and industrial loans of all commercial banks with head offices in Philadelphia and more than 40 per cent of such loans of all commercial banks with head offices in the four-county area. They would have about 35.8 per cent of the total deposits of all commercial banks with head offices in the four-county area.

By comparison, the next three largest banks would have 22.1 per cent, 9.9 per cent, and 9.3 per cent respectively.

When we get past the five largest banks in Philadelphia after the proposed merger, all 38 of the remaining banks in the four counties would have divided up between them only 22.9 per cent of the total deposits of all commercial banks with head offices in the four-county area. They would have 37.6 per cent of all the time deposits of banks with [fol. 6925] head offices in Philadelphia and 29.9 per cent of such deposits of all commercial banks with head offices in the four-county area.

In demand deposits they would have 39.2 per cent of the total demand deposits and 36.6 per cent of such deposits of all commercial banks with head offices in the four-county area.

Now, Your Honor has anticipated my argument on Section 7, and I think I have stated my position on it as well as I can, and I believe that the Supreme Court's opinion in the duPont case makes it quite clear that the purpose of the 1950 amendment was to make it clear that the bill applies to all types of mergers and acquisitions, vertical and conglomerate as well as horizontal, and this despite the fact that the Federal Trade Commission had advised Congress on a number of occasions that it did not apply to vertical acquisitions. Congress said and the Supreme Court said that these are matters to be determined in the courts and not by administrative determination.

I might say that recently, within the past two years, the

Department of Justice—and I should have mentioned this earlier in answer to Your Honor's question—the Department of Justice did file a complaint against the Firstamerica Corporation when it acquired the California bank in [fol. 6926] California. That matter has been submitted to the Federal Reserve Board for determination under the Bank Holding Company Act. The Federal Reserve Board said that the acquisition would not be in violation of the Bank Holding Company Act. It said also that in the Board's opinion the acquisition would not violate Section 7 of the Clayton Act.

Thereafter the Attorney General, and I should say this was two years ago when this case was filed, filed suit in California under both Section 7 of the Clayton Act and Section 1 of the Sherman Act, just as the charges in this case are alleged. That was a bank holding company acquisition rather than a merger as described here.

The defendants in the Firstamerica case moved to dismiss the complaint on the ground that the Federal Reserve Board had exclusive jurisdiction, that the Attorney General was collaterally estopped and the matter was res judicata under the Bank Holding Company Act and under the Clayton Act, I should say, since the Federal Reserve Board expressed the opinion that it wouldn't violate the Clayton Act, and, of course, the Federal Reserve Board does have authority to enforce the Clayton Act as far as it applies to bank acquisitions and mergers.

Despite that the District Court denied the motion to dis- [fol. 6927] miss. The defendants immediately made application for leave to file a petition for writ of certiorari in the Supreme Court, and after several months the Supreme Court denied the petition, so that these arguments about the bank regulatory agency having primary or exclusive jurisidiction have been made before, they have been presented to the Supreme Court, and, of course, if there had been any legal basis for this argument, it would have been certainly the logical——

The Court: Haven't you heard Mr. Justice Frankfurter's ——

Mr. Reycraft: I know exactly what you are going to say, Your Honor.

The Court: The denial of writ of certiorari means nothing.

Mr. Reycraft: We found it very encouraging at the time.

The Court: It is to the litigant, but it is no precedent for any District Court to follow.

Mr. Reycraft: I understand that, Your Honor. I might say, however, that the District Court ruling on the matter in California was considering all the merits and entered an order and it is a holding on these issues.

The Court: And it is in the books.

[fol. 6928] Mr. Reycraft: Yes, sir. I should say there is no opinion. That is an order. It is without an opinion.

Before the Firstamerica case the Federal Reserve Board had brought the Transamerica case, involving acquisitions by Transamerica of the stock of banks, and the Federal Reserve Board lost that case because it failed to show the area of competition. It found on the one hand that the competition was primarily local, and the charge, I think, was that the elimination of competition was over a much broader area, but as far as the application of the Clayton Act to bank acquisitions, the opinion made it clear that it did apply.

As far as Section 1 of the Sherman Act is concerned, in the Columbia Steel case itself, which held against the Government, the Court said that the policy of the Clayton Act is to be applied to Sherman Section 1 acquisitions mergers, and as far as the effect of this policy, that is the concrete application in the Columbia Steel case. If one thing is clear, it is that both between Columbia Steel and the Celanese case these were the two prime motives which led Congress to amend Section 7 to make it clear, as the Supreme Court has said in the duPont case, quoting the House report on the amendment, that Section 7 applies, and this is the old Section 7, applies to all acquisitions and mergers of vertical and conglomerate as well as horizontal.

[fol. 6929] Now, some of the statements in the defendant's briefs suggest that they think that the merger does not involve a restraint of trade, and I think I should comment on that.

For example, suppose that the Philadelphia National Bank and the Girard Trust Corn Exchange Bank were to get together and for a period of as long as six months they

were to say, "Well, now, we are going to stop competing on interest rates. We are going to charge the same type of interest rates for these various types of loans—for installment loans, for general commercial and industrial loans. We are going to pay the same interest rate on time deposits. You stay out of Bucks County and I will stay out of Delaware County, and we will divide Montgomery County up the middle, and you take these customers and I will take those customers."

There isn't anybody, I would think, who would contend that this type of agreement would not restrain trade; and, indeed, this type of agreement would be several per se offenses, because restraints of this type have been found to be so pernicious in their effects on competition that no type of defense or argument as to their reasonableness or as to their good, what help they are going to be for the area, or what help they are going to be for the banks, would be [fol. 6930] allowed.

Now, a merger of this size and this type is going to eliminate all competition of this type between these banks for all time, so that it surely restrains trade. As Your Honor has pointed out, the problem of finding that exact point in the amount of competition and trade restraint at which it becomes a violation is a difficult one, but I think that when you have the quantity of competition which is involved in this case, the fact that it originates in this area, where there is substantial direct competition between them, I think it is so far beyond the threshold where an unreasonable restraint would exist that there is no serious factual question that it is an unreasonable restraint of trade.

The Bank Merger Act of 1960, as Your Honor knows, said that the bank regulatory agencies—the Comptroller of the Currency in cases involving national banks; the Federal Reserve Board in cases involving state banks, or where a national bank merges with a state bank, or two state banks merge; and the Federal Deposit Insurance Corporation where there are non-member banks or non-national banks—should have to pass upon bank mergers.

The Court: Have you any idea why Congress gave it to four different people to pass on or to talk about? Can you [fol. 6931] find anything in here (indicating) that will tell me why? Do you see what I am holding in my hand? All of the proceedings before Congress.

Mr. Reycraft: Well, I think there probably are better ways to do it. There is no doubt that the regulatory agencies themselves have been applying different standards. In this very case Your Honor has copies of the Federal Reserve Board report and the Federal Deposit Insurance Corporation's report and the Comptroller of the Currency's conclusions.

The Court: Might I suggest this to you: Maybe Congress was going to bring into being and show to the Court the faceless expertise that we have been having to depend on for so many years and bring it out into the open. Do you think in a droll way Congress intended that?

Mr. Reycraft: I am not sure I understand that.

The Court: We of the court have to depend on the expertise, say, of the Securities & Exchange Commission, the I.C.C., different regulatory agencies. We always talk about their expertise.

Mr. Reycraft: And we found that experts don't always agree.

The Court: Well, we also find we don't know who they are.

[fol. 6932] Mr. Reycraft: True.

The Court: And was it Congress' intention, by starting a fight among them, to force them to come to the Court and expose themselves?

Mr. Reycraft: I think the Congress has illustrated perhaps unwittingly the fact—and I admit to considerable prejudice here—that only through the Courts can we have a uniform system of law and have standards applied equally to all people, and I think whether the bank is a national bank or a state bank should not be an advantage or a disadvantage as to what actions they can take. Certainly if expertise is expertise, it ought to come up with some kind of uniform result, and under the present statutory scheme that the Bank Merger Act of 1960 has engendered, the only way that this type of uniformity can come is through the Courts, I am convinced.

Your Honor has referred to the expertise of such agencies as the I.C.C. and some of the others.

The Court: Let's talk about the Federal Reserve Board. Let's talk about the Federal Deposit Insurance Corpora-

tion. They are rather young upstarts when you compare them with the Comptroller of the Currency, aren't they?

Mr. Reycraft: Compared to the Comptroller of the Currency they are an upstart.

[fol. 6933] I think that the real deficiency in this type of expert determination of these matters is shown—and I hope I will be forgiven for saying this—in the type of opinion that is given by the regulatory agency. There are no findings of fact of the type that a Court must make. There is no analysis of the reasons. There are some conclusions stated, but no Court is going to decide a matter of this type by merely saying, "Well, it is my conclusion that all the ultimate facts to which the issues are directed are resolved in favor of the applicant."

There is no review of this type of determination in the Courts unless there is an arbitrary and capricious determination, but the aggrieved parties have no right to appeal. There are no hearings. The matter is decided solely on whatever application is submitted, and, of course, there is a form of application which requires certain types of information to be submitted, but I would respectfully suggest that the types of determinations which are issued by these regulatory agencies cannot be analyzed in any rational way by any attorney.

The Court: You say that they are entitled to their opinion as experts, however, in your brief. You say it is expert opinion.

Mr. Reycraft: I do say that, and what I say, Your Honor, [fol. 6934] to the extent that the analysis and the facts on which they are based supports the expert opinion, I would say the Federal Reserve Board's report goes into considerable detail. Now, if they explain the basis for their expert conclusion, then the Court can review the matter and say, "This makes sense."

Experts are not so expert that lawyers and Courts say, "I can't understand this kind of thing," but I say there is no way of applying this type of analysis to the opinion or the order that the Comptroller issued. There is no way that you can analyze this type of thing. So I would say that, as an expert opinion on the competitive consequences, and certainly on the elimination of competition, it is entitled to very little weight—very little weight—and I would

say the Federal Reserve Board report, because it does go into detail, it does analyze the merger in terms of the line of commerce, in terms of the amount of direct competition between the banks, in terms of the disproportion, the increasing concentration—I would say that this report is entitled to considerable weight just because it does go into this detail.

I have a little more, Your Honor, if you would like to take a recess at this point, but I can continue.

The Court: How much longer will you be?

[fol. 6935] Mr. Reycraft: Ten minutes, perhaps.

The Court: All right, then we will take the recess later. Continue.

If you want it at this time, you are welcome to it.

Mr. Reycraft: My throat is a little dry.

The Court: All right, we will take a ten-minute recess at this time.

(A ten-minute recess was taken at 11:22 A.M.)

Mr. Reycraft: Your Honor referred to the questions of expertese in this case, in these matters, and I think I should refer to the fact that there are seven experts that sit on the Federal Reserve Board, although they may be more recent than the other agencies, and there are three on the Federal Deposit Insurance Corporation, including the Comptroller of the Currency, so that he is one of the three officials who approved the report of the Federal Deposit Insurance Corporation.

The Court: He approved the Federal Deposit Insur nce Corporation report?

Mr. Reycraft: I say he is one of the three officials who voted on it. Now, what he said or did, I don't know, but I know that at least two out of the three approved it.

[fol. 6936] The Court: I would hardly expect that he would subscribe to it.

Mr. Reycraft: At least two of the three did, and at least, I suppose, four out of the seven members of the Federal Reserve Board. We have no knowledge of how the vote, if any, came out on that.

I thought I might review these reports, but I know Your Honor is familiar with them, and I won't do that.

It seems to have been one of the cornerstones of the de-

fense in this case that if the proposed merger should take place, it wouldn't make any difference, because there are other cities in which there are banks which have a larger percentage of the share of commercial banking business than would be the case in Philadelphia even after the merger; and it almost seems that it has been contended that Philadelphia is entitled to have as much banking concentration as some of these other cities, that if banking is concentrated in Chicago or Los Angeles, Philadelphia is entitled to have concentrated banking too, so that if Los Angeles has 50 per cent of the banking assets in one bank in the city, I suppose they think that Philadelphia is entitled to the same.

This would mean that even after the merger in this case, [fol. 6937] if it should be approved, there would have to be other mergers, if they are really going to keep up and keep in step with banks in other cities which have 50 per cent of the assets or the deposits.

Maybe this would mean that Provident Tradesmen's or Fidelity-Philadelphia would have to be acquired in order to meet this goal, and if they are really going to keep in step and maybe get in front, they might have to acquire both these banks.

It seems to me to be a rather peculiar form of pride that has as its goal the elimination of competition in what is presently a relatively sound and competitive, relatively competitive, banking system, and it seems to me that this goal is the antithesis of our national policy of favoring competition and the preservation of free enterprise through competition. It doesn't seem to me to be the philosophy of a great and expanding economy in which Philadelphia and the Delaware Valley are going to move ahead by competing and by attracting new capital into the Philadelphia banking system.

The Court: They say just the opposite. They say that what you are trying to do is put a stranglehold on competition.

[fol. 6938] Mr. Reycraft: That is what they say. They say that we are trying to put a stranglehold on competition by preventing them from merging, eliminating all competition between them——

The Court: They say that they can't get business, that they can't get into a position that you, the Department of Justice, have permitted to exist in other places. They say if it is all right there, it is all right here. I don't see that it is an illogical argument. You say they are eliminating competition among themselves. They say that you are preventing them from going out and competing.

Mr. Reycraft: At the present time we are trying to prevent increased concentration in New York through the Manufacturers-Hanover suit and the same thing in Chicago through the Continental-Illinois suit; and I think that whatever can be said about the Department's policies in the past, a consistent, rational policy is being applied to these mergers, as far as we are concerned, and we do think that it certainly would be unfair to proceed in Philadelphia and not to proceed in other areas where substantial competition is also being eliminated, and, we certainly are following that policy at the present time.

But it seems to me, Your Honor, even accepting many of the arguments that the defendants have made, if the way [fol. 6939] they are going to increase competition, which is what they say they are going to do, is to increase lending limits and go out and bring new business into Philadelphia, or keep business that is already here in Philadelphia, the way to do it is fairly simple. It may take a little longer, but it is fairly simple. Within the past few weeks—I know that Your Honor would know this—the First Pennsylvania Company has taken steps to raise its lending limit to $10 million from about 7½, and they are doing it by selling stock, and apparently they are doing it without any adverse effect on their stockholders, and they are bringing new capital into the Philadelphia banking system. They are not merely adding up existing assets. They are bringing new capital. They are raising the total aggregate lending limit of Philadelphia banks by going out and selling stock and bringing this new capital in. They are raising their own lending limit by a third through this means. They have done it without eliminating any competition, as far as I can tell, and if it will result in increasing competition in the Philadelphia banking area, this seems to me to be the way to do it.

The Broad Street Trust Company is even smaller, far

smaller than either the Girard or the Philadelphia National. They have also announced steps to increase their lending limit to $2\frac{1}{2}$ million by selling additional stock.

[fol. 6940] The Court: You are talking about the non-member of the Federal Reserve, aren't you, the Broad Street Trust?

Mr. Reycraft: Board Street Trust, yes, sir.

The Court: A non-member of the Federal Reserve.

Mr. Reycraft: I don't recall whether it is or not.

The Court: I do.

Mr. Reycraft: I do now recall. I recall Mr. Horan's testimony.

The Court: You and the Chairman of the Board of the Broad Street Trust had quite a spirited exchange.

Mr. Reycraft: It is quite clear to me now, yes, sir.

Mr. Horan, who is a very aggressive person and a very active man has taken steps to increase the lending limit of his bank, and he is doing it by selling stock.

Suppose, though, that the First Pennsylvania had decided to follow the same route that the Philadelphia National and the Girard want to follow. Suppose they would say, "We have to increase our lending limit, or we want to," for whatever reason, and they decided, "Well, Broad Street Trust looks like just about the right size, just the amount [fol. 6941] we want to increase," and they go out and acquire Broad Street Trust.

Well, they end up in the same place. They have a $10 million lending limit, and you might say, what is the difference? Well, the difference is that they have eliminated a very important and aggressive competitor in the Philadelphia area, and Philadelphia would lose the services of a man like Mr. Horan, who, I am sure, provides a real stimulus to commercial banking in the Philadelphia area. He wouldn't be president of that bank any more.

Or suppose they had acquired the Central-Penn Bank and done the same thing. Mr. Sienkiewicz wouldn't be president of an independent bank any more. And I submit that the loss of banks of that type and the loss of their personnel and their independent decision-making process in this area would be a great loss.

But they didn't do it that way. They did it by selling stock, and they are in the same position, as far as being

able to serve Philadelphia and being able to attract additional business to Philadelphia, if it is going to be done by increasing the lending limit.

I submit also, Your Honor, if this merger between Philadelphia National and the Girard is permitted in this area, there is not going to be any bar to further mergers in this [fol. 6942] area till you end up with a situation where you have maybe three banks in the Philadelphia area.

Judge Weinfeld in the Bethlehem Steel case expressed it this way: Bethlehem and Youngstown wanted to merge to compete with U.S. Steel. He said, "You have a big 12 now in the steel industry, and if you permitted this merger you would end up with a big 2 or a big 3, because everybody else would want to get in line.

And so you have these two big banks who want to merge in order to be able to compete. What is wrong with the Broad Street Trust and Provident Tradesmen's merging? What is wrong with Central-Penn merging. If all these things are really going to help Philadelphia, why can't we do the same thing?

I don't think Your Honor wants to see a banking system in Philadelphia where you end up with three or four banks, and that is exactly where it would lead to.

The Court: Maybe Philadelphia would like to work out their own destiny without somebody coming in from the outside and telling them what they should do.

Mr. Reycraft: If what you are saying, Your Honor, is that they should have——

The Court: I am talking about the pride of Philadelphia.

[fol. 6943] Mr. Reycraft: I understand that. I understand it very well, Your Honor, and I am very much aware of it, but I think some other citizens of Philadelphia wanted to do that in the electrical equipment, too.

The Court: I got a couple of letters from people in Philadelphia, and, strangely enough, the complaint was against the Central-Penn, your only witness; that they merged with some other bank and they lost a vice-president, and this person was terribly disturbed because he didn't know the new vice-president and couldn't go up and get $500 or $600 every time he wanted it. So that is the only complaint I had against an individual bank in Philadelphia.

I have had some other fan letters from around the country too.

Mr. Reycraft: I don't doubt that, but it seems to me that if the Court does see this case as being the means by which the Philadelphia economy can best be promoted and expanded, it can best be promoted and expanded by encouraging banks to increase their size and their capital by bringing new capital in and not by eliminating existing competition; and it seems to me this is the way Philadelphia is going to grow and expand, and not by eliminating what are presently very substantial and competitive banks.
[fol. 6944] Thank you.

The Court: Very well.

It is clear that we can't finish this morning, and I don't intend to go through.

Mr. Littleton: You can finish with me this morning, sir.

The Court: All right.

Argument by Mr. Littleton

Mr. Littleton: If Your Honor please, I think that I should be less than gracious if I didn't at the outset of my argument acknowledge with gratitude the very complimentary things which Mr. Reycraft has said about the management and the operation and the structure of the Philadelphia National Bank, and perhaps I wouldn't even be presumptious if I acknowleged with gratitude the nice things he said about the Girard Trust. We think they are good, too. That is the reason we want to merge with them.

Your Honor, this is the first time that a Court has been called upon to determine, under the Bank Merger Act of 1960, whether the approval by the appropriate Federal banking agency, in this case the Comptroller of the Currency, of a merger of two banks, is the final and conclusive determination of the validity of such proposed merger under all Federal laws, and whether or not it precludes a review of the proposed merger under the laws alone.
[fol. 6945] It is our position that the action of the Comptroller, which is the act of an expert and responsible representative of the Executive Branch of the United States

Government, is decisive, and that Congress intended it so to be, and that Section I of the Sherman Antitrust Act, and more particularly Section 7 of the Clayton Act, have no application here.

My colleague Mr. Price will later discuss those three statutes, the Sherman Act, the Clayton Act, and the Bank Merger Act, and will, I think, demonstrate the inapplicability of the first two and the sole supremacy of the third to govern this situation; but if Your Honor will permit me, I would like to endeavor to show that the proposed merger will not violate the prohibitions of the Sherman Act even if that Act should be considered to be applicable to bank mergers.

After all, that is the way we tried this case. While holding to the opinion that the antitrust statutes have no application here, while we deplore the anomaly of one arm of the Executive Branch of the United States Government, the Department of Justice, castigating as consipracy in restraint of trade that which another expert arm of the same Executive Branch of the Federal Government has found to be in [fol. 6946] the public interest and has therefore approved; and while waiting in vain for the Justice Department, if it is right as to the law, to meet or even to endeavor to try to meet the burden of proof which it must meet, that of producing a definite actual showing of illegality, we have nevertheless gone forward and we have adduced before Your Honor live testimony from the best qualified experts in every area of experience relevant to the issues involved in this merger.

Our witnesses have included executives from eight Philadelphia area banking institutions, representatives of large and small businesses located in the area, the Director of the Philadelphia Industrial Development Corporation, the President of the Philadelphia Chamber of Commerce, and the Mayor of Philadelphia.

[fol. 6947] In addition, we have produced testimony from two thoroughly qualified experts, Dr. Harris, an economist of distinction, a director of the Broad Street Trust Company, a former Director of Finance for the City of Philadelphia, and a member of the Pennsylvania Banking Board, who offered a unique combination of theoretical ability with

practical experience as applied to commercial banking in the Philadelphia area.

Also Mr. Lewellyn A. Jennings, who was formerly Assistant Chief National Bank Examiner assigned to the Third Federal Reserve District, this very district, and who subsequently was First Deputy Comptroller of the Currency. As such, he was and he is completely familiar with the functioning of the commercial banking system throughout the country, as well as in the Philadelphia area.

Your Honor has heard these witnesses express the opinion, based on their unique familiarity with banking and finance in Philadelphia and in the Delaware Valley, that the merger of the Philadelphia National Bank and the Girard Trust poses no danger and no threat to commercial bank competition; that the merged bank will be able to provide services which are needed but are not now available in the Philadelphia area; and that the merger will have beneficial effects on trade in Philadelphia and will thus be in the public interest, wherefore I am here prepared to argue that [fol. 6948] even if Section 1 of the Sherman Act is applicable to bank mergers, this merger of Philadelphia Bank and Girard will not be in violation of its prohibitions.

Section 1 of the Sherman Act prohibits unreasonable restraint—unreasonable restraint—on interstate trade or commerce and except in certain per se restrictive practices the economic benefit or wisdom of the action is relevant and is material.

These are the things which the Government seems to overlook—to warrant an injunction restraining an alleged violation of Section 1 there must be a definite factual showing of illegality under the Sherman Act. The test under the Clayton Act is satisfied if there is a reasonable probability that the effect of a proposed acquisition will be to substantially lessen competition or tend to create a monopoly.

It is quite obvious, and since it is quite obvious, that the standards and the burden of proof under the Clayton Act are more easily satisfied than are the requirements of Section 1 of the Sherman Act, the Antitrust Division contends that the Sherman Act must be applied in the light of the policy formulated later by the Clayton Act; and accordingly they restrict their factual presentation or argument

to an attempted showing of violation of the Clayton Act, [fol. 6949] and they do this in spite of a clause, if your Honor please, in the Times Picayune case with which Your Honor is familiar and which says (and they omit the part which I will read at the end)—the opinion says,

"The Government at the outset elected to proceed not under the Clayton Act but the Sherman Act. While the Clayton Act's more specific standards illuminate the public policy which the Sherman Act was designed to subserve——"

And now here is the part they left out in their brief to you——

". . . the Government here must measure up to the criteria of the more stringent law."

Now the day before yesterday they filed a reply brief to our brief, and while we point out this omission in our brief they try to explain it away by saying that this clause is additional portions of the Times Picayune opinion.

Now I say to you that this clause which was omitted is not "additional portions of the Times Picayune opinion," but is a necessary and an integral part of the very sentence in the Court's opinion, and which sentence means that in an action brought by the Government under the Sherman Act the Government must measure up to the criteria of the [fol. 6950] Sherman Act, which is the more stringent law. It means just that and it is incomprehensible to us how the Department, in its reply brief, can say, as they do say, "Patently, the additional words cited by the defendant can have no such import." They have exactly that import; they have to measure up to the criteria of the Sherman Act.

But in any event, if we are to look in this case for evidence of subsequent legislative intent we should not stop with the Clayton Act; we should go ahead and bring it right down to date and consider the latest expression of Congress with respect to bank mergers, the Bank Merger Act of 1960. In this Congress has expressed its policy that bank mergers should be permitted if, after investigating all the factors enumerated therein, the merger is to be found "In the public interest."

Now while Mr. Price will demonstrate later that this legislative expression declares that the Comptroller's decision is to be conclusive, I shall proceed on the basis of the very least that can be said with respect to it, namely, that the same test of public interest in the light of the factors specified in the Bank Merger Act should be applied in determining reasonableness under the Sherman Act, and in view of the fact that the Department has seen fit to overlook completely this rule of reason we have done a little [fol. 6951] further searching of some of the authorities about the rule of reason and I have a sheaf of papers here which have on them cases which we have found.

I will read only a short portion of one to you because it is from this Circuit, our own Court of Appeals here. In the case of Hunt versus Crumbach in 143 Federal 2nd, which was in 1944, our Court of Appeals said,

> "Congress did not undertake by the enactment of the Sherman and Clayton Acts to prohibit each and every restraint upon interstate commerce. It sought to prevent only those restraints upon free competition in business or commercial transactions which tend to restrict production, raise prices, or otherwise control the market in goods or services to the detriment of the public."

I say to you that they haven't shown anything to meet that test in this case.

Now it is clear that the policy of Congress with respect to bank mergers is different from its policy with respect to industrial and commercial mergers, and if the Sherman Act were to be here applied I submit to Your Honor that that difference should be recognized and implemented.

There is a good reason why the policy of Congress in this is different, because there are differences between com- [fol. 6952] mercial banking and industrial enterprises which must be understood in order to evaluate a bank merger, this merger, in terms of possibly anticompetitive effects. These differences make it necessary to discard most of the concepts of monopoly and restraints arising from the asset size or market proportions which have been developed in industrial and business cases.

First, banking is a regulated industry. Its operations are of public consequence and affect the community at large and they are thus subject to the police power.

Way back in 1819, if Your Honor please, in McCulloch versus Maryland; it was established that the Federal Government had power to control banking; and this power has been exercised in a succession of statutes regulating various aspects of banking. For instance, the banking act of 1933 is entitled (and the title tells you) "An Act to Provide for the Safer and More Effective Use of the Assets of Banks, to Regulate Interbank Control, to Prevent Undue Diversion of Funds into Speculative Operations and for other purposes."

Similarly, every state in the union has undertaken the regulation of banking.

In the unregulated industries, if Your Honor please, competition is the cardinal precept guiding the economy. It is fundamental American policy, expressed in the Sher-
[fol. 6953] man and the Clayton Acts that the public is benefited by competition as unlimited and as unrestricted as possible.

This implies that individual enterprises will go where there is a prospect of business and will do what affords a prospect of profit without deference to other enterprises which may be established in a particular area; but what this also implies is that the weak enterprises will not survive, but that is the price to be paid for the benefits of competition.

Unlike this, however, in the field of banking it is firmly established that the benefits of unrestricted competition are not worth the inevitable price. Dog-eat-dog competition does ~~not~~ go in the banking business. If a hardware store can't meet its competition and fails, well, a few people may go on relief; but if a bank is driven out of business the whole community suffers. I need only recall to Your Honor's memory the early Thirties in this part of the country, and I guess in most parts of the country.

The banking laws, including the Bank Merger Act of 1960, substitute regulation for unrestricted competition in an attempt to avoid the vicarious suffering produced by bank failures.

Anyone who has the capital and the initiative can go into a commercial or an industrial business, but it requires more

[fol. 6954] than that to go into the commercial banking business. A commercial bank isn't like a rich man who lends his own wealth; a commercial bank is the manager of funds deposited with it by the community.

A bank makes money primarily on its ability to use other people's money efficiently, not on the investment of its own capital resources; so before a bank can get into this business it must get a permit or a franchise from the State banking authorities or, if it is to be a National Bank, from the Comptroller, after being subjected to a searching and rigorous inspection.

Then, when it is chartered, it is subject to a host of regulatory statutes and rules. For instance, it is limited to the place or places where it can set up offices.

It is restricted in the way in which it administers its funds, the deposits of depositors which are the goods with which it does business.

It can't seek or compete for demand deposits by offering to pay interest on them, and the interest which it does pay for time and savings deposits is limited by law.

The scope of its activities is limited. It can't, for instance, go into the securities business; and in the employment of its funds it is sharply restricted as to the type of investment it may make and as to the amount of a loan which it can [fol. 6955] make to any one borrower, and the price which it can charge for its product, its loans, is restricted within a very narrow range by usury laws, by reserve requirements, by the rediscount rate, and by the open-market activities of the Federal Reserve Board, all of which was brought out here before Your Honor in testimony.

So there can't be any cost competition between commercial banks in acquiring their stock in trade (deposits) and virtually no price competition in the sale of their product (loans or credits) and in the sense that money and credit may be considered to be the product of commercial banks, product quality does not differ among competing banks as it does between competing manufacturers and sellers of commodities. It is all money, just the same money.

Then the safety of deposits has not been a competitive factor among banks since the statutes were enacted providing for insurance by the F.D.I.C., and I want to point out one aspect of this insurance which accentuates in my mind

the substitution of regulatory law for competition in this area.

Your Honor knows that while only deposits up to $10,000 are insured, the premium paid by all banks must be a percentage of their aggregate deposits of every size. Thus banks with a greater number of deposits in excess of $10,000 [fol. 6956] are required to help pay for the insurance of those which have few or no deposits over $10,000. In the field of industrial and commercial business there is no similar instance of a company being compelled by law to insure the liquidity or solvency of its competitors.

So that the whole concept has been to substitute regulation for unrestricted competition. Banking thus is a regulated industry, both in terms of entry into the field and in terms of operation after a bank gets into the field. As such, the nature of competition in banking is not comparable to that which exists between grocery stores or manufacturing giants.

The impact of this precise regulatory legislation upon the generalized standards of antitrust laws was pointed out by Justice Frankfurter, and while we cite this in our brief I should like to just read it. It is very short. He said in the RCA Communications case,

> "Prohibitory legislation like the Sherman Law, defining the area within which competition may have full play, of course, loses its effectiveness as the practical limitations increase. As such considerations severely limit the number of separate enterprises that can efficiently or conveniently exist, the need for careful qualification of the scope of competition becomes mani- [fol. 6957] fest."

In the discussions of the very act that we are merged under or hope to be merged under, the Bank Merger Act of 1960, Senator Fulbright said on the floor of the Senate,

> "And even if the Sherman Act is held to apply to banking and to bank mergers (even if it is), it seems clear that under the rule of reason spelled out in the Standard Oil case different considerations will be found applicable in a regulated field like banking in determining whether activities would unduly diminish

competition in the words of the Supreme Court in that case."

Well, certainly, Your Honor, the expressed policy of government limitation of competition in commercial banking must be taken into consideration in attempting to weigh the effect of the present proposed merger on commercial bank competition here in this Philadelphia area. That brings me to the nature of competition in commercial banking services.

They offer a variety of services to various types of customers. Not all commercial banks offer the same range of services or serve the same range of customers, but the testimony here shows that with the one exception, the acceptance of demand deposits, commercial banks receive substantial competition from a number (and it is a great number and an increasing great number) of non-commercial bank sources, and the basic issues in this case cannot pos- [fol. 6958] sibly be resolved without considering non-bank competitors as well as competing banks, and without considering the effect which the intensive scheme of regulations to which I have referred has on competition in these services.

The one service which distinguishes commercial banks from other institutions is this acceptance of demand deposits. Through the acceptance of demand deposits and the subsequent lending from them the commercial banking system has the ability to expand credit. The Department of Justice has seized on this function to endeavor to show that commercial banks are unique, but from a competitive standpoint this means absolutely nothing, for neither you nor I nor anyone else who might wish to make a loan at a bank has the slightest interest in whether the lender has or has not the ability to expand credit, nor do we choose a lending bank on any such basis.

Incidentally, while the ability of a commercial bank to offer demand-deposit services together with other services may be a factor in competition with other types of financial institutions, it hasn't been a determinative one since it is shown by our Exhibit D-27 that such other types of institutions have grown at a far greater rate than have the commercial banks; but the very nature of the demand deposit

function is of greatest importance in understanding why a [fol. 6959] large commercial bank cannot exert dominance, as my friends call it—dominance—over other commercial banks in the way a large industrial concern may be able to exert over its small competitors. The deposits are the life blood of a bank; they are what it lends, and lending is the principal source of income for banks.

To succeed a bank must attract and it must retain deposits. It can't control them, as a manufacturer might control his assets, because deposits are not something which a bank owns; they are something which it owes and something which it must give up upon demand, so that any overreaching of customers on the part of a bank can result in an immediate withdrawal of the bank's stock in trade no matter how large that bank may be. It is idle, therefore, to equate bigness with dominance in the field of commercial banking.

Since competition for demand deposits in the area of price and safety is non-existent by reason of banking laws and regulations, the only area in which competition can exist is that of service and convenience. These a small bank can furnish to its range of customers just as effectively as can the large bank; and that they do has been established by witness after witness after witness in this case, and by the exhibits showing the deposit growth of the smaller banks in Philadelphia and in the surrounding counties in the last ten years, which has been far greater than that of the [fol. 6960] Philadelphia National Bank or the Girard.

I know Your Honor is thoroughly familiar with Exhibit D-18 in this case, but I am handing up a copy because it so graphically shows this great rate of increase of nearly all of the smaller banks in Philadelphia and the surrounding counties compared with that of the Philadelphia Bank or the Girard.

Now small depositors maintain demand deposits chiefly for checking convenience, but the larger business and correspondent banks maintain demand deposits to support loans and lines and to compensate for services which the bank may render to them. In this area large banks in Philadelphia receive intense competition from large banks in other major cities.

Time deposits are received by all commercial banks; savings deposits also; but the maximum rate which can be paid by the banks for these deposits is fixed by law. Savings-deposit services are also offered by mutual savings banks, savings and loan associations, and credit unions in the Philadelphia area. Their rates too are fixed by law, but at a higher maximum than that of commercial banks. There is obviously no chance for a commercial bank to become dominant in this field.

[fol. 6961] Loans of many types and variety are made to a variety of customers and in every type commercial banks compete with non-bank lenders. The Department seems to feel that because commercial banks specialize in commercial and industrial loans, the competition from non-bank lenders and other types of loans must be disregarded, but this theoretical approach overlooks the intense competition which commercial banks receive from non-bank lenders, such as in the case of mortgage loans which Mr. Reycraft spoke of this morning. When Your Honor thinks of the four big mutual savings banks and the intense number of savings and loan associations right in the Philadelphia area, to say nothing of those in other areas of the country, you realize that this attempt to limit the competition of commercial banks in this field is almost silly.

Now perhaps because it is the only Supreme Court case involving an attempt to enjoin a proposed acquisition of assets under the Sherman Act, the Department of Justice has cited the Columbia Steel case as authority in its brief; and for the same reason we have cited it as authority in our brief, but our quarrel with the Department is that having cited it they then ignore in this case the very factors which the Court deemed significant in that one. We have cited in full that portion of the opinion on our brief which states what those factors are; but to epitomize them they are strength of the remaining competition, purpose of the [fol. 6962] merger, customer demand, and the peculiarities of the banking business which distinguish it from all others.

The Department has also failed precisely to define relative markets or to present any meaningful figures on the percentage of business controlled in such markets by the defendants. Instead, in their brief, they say it is their position, and I quote from it,

It is their position "that the fundamental illegality in this merger is its substantial suppression and elimination of competition between nationally-ranked leaders in a local market, highly concentrated."

But Your Honor is left to speculate and guess as to the total amount of business done in any such local market and how the elimination of competition between the two banks will affect trade in such local market, whatever its stage of concentration.

We agree that the starting point of the words of Columbia Steel is to delimit the market in which the two firms compete. This involves a determination of the product or service lines and the geographical area of competition as to each one of these lines. The Department contends that the market area should be limited for each function to the political confines of the four Pennsylvania counties in which [fol. 6963] the merging banks and their branches are physically located.

Now it is quite obvious why they do that. They do that in order to inflate the percentage figures which they assume dictate the conclusions which they seek. The testimony in this case, I submit, Your Honor, establishes the fact that commercial bank markets are exceptionally complex and that any realistic definition of a relevant market for bank services must take into consideration not only the location of the bank and the location of its customers, but also the different types of customers, and more particularly the location of alternative choices available to them.

In so far as competition in banking is concerned, the most important factor is the alternative sources to which a customer can conveniently turn to receive the same or a comparable service, because a customer's chief interest is the alternative source which stands ready to serve him in case of dissatisfaction—the latent competition, you will remember Professor Harris called it.

From the banks' point of view these alternative sources are the competition which the bank must meet. Accordingly, the geographic distribution of effective alternatives constitutes the only realistic market area for measuring the alleged anticompetitive effects in the merger. On this basis, the four counties in which the banks' offices are or legally

[fol. 6964] can be (because it is by virtue of the Pennsylvania Law that they are restricted to the four counties) have no significance whatsoever as to the geographic market. Even the most modest customers in those counties are free to do business across political boundaries and do so. You will remember in the course of the testimony we talked about a man in Yardley, up in Bucks County, and said that if he doesn't get it in Yardley he can go right over to Trenton and get all the banking he wants. A man down in lower Delaware County probably does use Wilmington and all its resources. He is not restricted to any four-county area.

In addition to that banks in New York, Chicago, San Francisco, and many other large cities actively solicit accounts in the Philadelphia area; and conversely we solicit business from far away. This mobility of banking business is demonstrated by the fact that in the case of the Philadelphia Bank 44 per cent in dollar amount of its demand deposits of all kinds originate from customers located outside the four-county area and 48 per cent of its loans are made to customers located outside the four-county area.

The Court: Repeat those figures.

Mr. Littleton: 44 per cent in the dollar amount of Philadelphia Bank's demand deposits of all kinds originate from customers located outside the four-county area.

[fol. 6965] The Court: That is all Philadelphia banks or these two banks?

Mr. Littleton: Just Philadelphia Bank, Philadelphia Bank's demand deposits.

Mr. von Starck: Philadelphia National Bank.

Mr. Littleton: Philadelphia National. I am calling it "Philadelphia Bank," not Philadelphia banks.

44 per cent in dollar amount of Philadelphia National Bank's demand deposits—excuse me. I am reverting to the old name before the National Bank Act; and 48 per cent of its loans are made to borrowers located outside of that area.

The Court: Is that numerically or in dollar volume again?

Mr. Littleton: In dollars.

The Court: The second is in dollar volume too?

Mr. Littleton: That is in dollars.

The Court: All right.

Mr. Littleton, I think perhaps we will recess at this point

because you are not going to finish in ten minutes, are you?

Mr. Littleton: No, sir.

The Court: Suppose we recess until 2:00 o'clock then.

[fol. 6966] (Recess taken at 12:18 o'clock P.M. for luncheon.)

[fol. 6967] AFTERNOON SESSION

Present: Counsel as previously noted.

The Court: Mr. Littleton?

Mr. Littleton: If Your Honor please, when we adjourned for the luncheon period I was just going——

The Court: We had just had the 44 and 48 percentages.

Mr. Littleton: That's right. I was about to get to the point of stating that for the purposes of defining geographic market in which the two banks compete, the statistics which reveal the mere location of their customers are less relevant than those which disclose the customers' area of alternative choice. The evidence as to this shows that 68 per cent of the dollar volume of the defendants' commercial and industrial loans, that is, the two combined defendants, are made to customers whose banking choices include commercial banks located outside the four-county area; and at least 64 per cent of their demand deposits from partnerships and corporations are received from customers whose banking choices include commercial banks located outside the four-county areas.

I say to Your Honor that I think one would have to be [fol. 6968] blind to economic reality to infer any restrictive or anti-competitive or monopolistic effects of this merger on banks and customers located within the four-county area, when the merged bank will have to compete with banks elsewhere for at least two-thirds of its most important business. We have cases on our brief to indicate (and I think it is probably conceded) that the Department of Justice has the burden of proving the relevant market area, and with respect to commercial banking generally I submit to Your Honor that it has failed completely to meet that burden.

The Department, in its brief, proposes that ten product lines be adopted. This subject has been a little obfuscated because in their complaint there is one grouping; in their statement of issues it is another; in their request for findings it is another; and in their brief it is another, but let's take it from their brief.

The ten product lines which they contend should be adopted are commercial banking, commercial and industrial loans, installment lending to individuals by commercial banks, single-payment loans to individuals, real estate loans by commercial banks, personal trusts, time deposits of partnerships and corporations, time and savings deposits, demand deposits, demand deposits of individuals and partnerships.

Now it is our position, if Your Honor please, that com- [fol. 6969] mercial banking in its entirety is not a product line. It is a business, and it is a business that has two major subdivisions. One is the acceptance of deposits, and there the banks are debtors; the other is the making of loans, and there the bank is a creditor. Each is a separate function, having its own peculiarities.

Both of these major divisions are further sub-divided by distinct types of deposits and loans, as to most of which there are different and varying regulations and laws. Then, as to many types of these functions, there are different types of customers, different market areas, and most important different types of competitors and competition.

With the possible exception of demand deposits there is an identical or an effective or a satisfactory substitute for every separate one of these services which a commercial bank offers.

You will recall that Professor Harris said that it is impossible to analyze the competitive effects of the merger without analyzing separately each of these important functions.

Now in the Cellophane case the Supreme Court held that a market should be defined by the commodities which are reasonably interchangeable by customers for the same purpose; and in the Columbia Steel case the Court examined [fol. 6970] reasonable interchangeability from a production standpoint; and subsequent decisions, including decisions subsequent to those to which Mr. Reycraft referred,

demonstrate that reasonable interchangeability, whether from the viewpoint of production or use, is still the test for market competition.

Although we don't agree that commercial banking as such is a product line, even so, conceding for the purpose of argument that it might be, the Department has failed to show any restraint in commercial banking by reason of this proposed merger. Their case in this respect is based entirely upon the assertion that the merger will eliminate competition between the defendants, which I say to Your Honor is obvious, and that the merged bank would be the dominant bank in the four-county area.

Now, by use of this nasty word "dominant" the Department would have Your Honor believe that the merged bank would be able to control banking in the area, but their evidence consists solely of statistics which show the amount of business done by the merging banks and the fact that the merged bank would be the biggest commercial bank located in the four-county area. There is not a single word of testimony in this case that the size of the proposed bank would result in any restraint or reduction in the vigor of competition in any relevant market.

[fol. 6971] On the contrary, every competent witness, including one of the Department's expert witnesses, testified to the contrary.

The Court: Which one was that?

Mr. Littleton: Dr. Keith. He was asked the direct question by Mr. Reycraft at the end, what would be the effect——

The Court: I remember Dr. Keith, author of the Keith report.

Mr. Littleton: Author of the Keith report, yes, sir.

Now the teaching of the Columbia Steel case is that mere percentage amount of a market which a producer holds is not determinative of anti-trust violation, but let's assume for the purposes of argument that it might be.

The Department's attempted measurement of relative size has no validity in our opinion. The mere fact that this merger——

The Court: Now just why?

It seems to me that a lot of their argument is based on size, and size alone. Now why isn't it?

Mr. Littleton: That is what I am going to take up, if Your Honor please.

[fol. 6972] The Court: All right.

Mr. Littleton: The mere fact that the merged bank would have 35.7 per cent of the total assets, 35.1 per cent of the total capital funds, 34 per cent of all loans, and 35.8 per cent of all deposits of what? Of commercial banks with main offices in the four-county area—does not permit an inference of restraint of trade in that area.

The record is absolutely devoid of any information as to the amount of business done in the four-county area by any bank or banks other than the defendants, wherefore the figures upon which the Department relies to show dominance reveal nothing.

The Court: Haven't they put in some figures here that show the general four-county area, perhaps through the Third Federal Reserve system?

Mr. Littleton: They did, but they did not show any definite amount, dollar volume or otherwise, of business done by other banks in the four-county area at all.

Whereas, the banks' evidence shows that the proportion of total assets of banks with main offices in the four-county area which the merged bank would hold would not thereby enable it to engage in restraint of trade.

Here I must remind Your Honor of the mass of data which we produced in many exhibits, and I will try to [fol. 6973] winnow out what to me are the effective and significant figures. Perhaps the most significant is that out of 224 cities in the United States with populations in 1956 of over 50,000, 190 had a commercial bank with 35 per cent or more of the total commercial banking assets in the city, and 96 had a bank with 50 per cent or more of such assets.

After this proposed merger there will be 78 cities of 100,000 or more population which would have a lead bank with a greater percentage of total commercial banking assets in that city than would Philadelphia have even with the merged bank.

The Court: The Government says that that is bad in itself and, therefore, we should stop it.

Mr. Littleton: Well, they haven't shown us that it is bad. They may say that it is bad.

The Court: That is their contention.

Mr. Littleton: There are 33 such cities in which the lead bank has more than 50 per cent of the total banking assets; and right here in Pennsylvania and in the Delaware Valley area outside Pennsylvania every city with a 1960 population of over 100,000 has a commercial bank with a larger percentage of the commercial banking assets in that city than the merged bank would have in Philadelphia. Let's give you some of the figures:

[fol. 6974] Pittsburgh, 60 per cent; Reading, 56.3 per cent; Allentown, 48.3 per cent; Erie, 39.6 per cent; Scranton, 56.6 per cent; Moving across the river, Trenton, 37.8 per cent;

Camden, 56.6 per cent; and

Philadelphia, even after this merger, wouldn't have more than 36.2 per cent.

Now the Department has introduced no facts which make its argument peculiar to Philadelphia banking. They are not saying Philadelphia is different from all the rest of the country.

The Court: Can you point to any evidence in the record wherein the Government or you produced any evidence—I am talking about both the plaintiff and the defendants—that concentration of 50 per cent or more is harmful to the American industrial banking, the public, or other interests?

Mr. Littleton: Not at all.

The Court: Is there any evidence in this record?

Mr. Littleton: None that I know of, and the F.D.I.C. report to the Congress, which came out in the middle of [fol. 6975] this trial, indicates all to the contrary, that this has nothing to do with it.

The Court: I was just wondering whether there was evidence in here other than statistics from which I am to draw a conclusion one way or the other.

Mr. Littleton: Not at all.

The Court: Is there any positive testimony or opinion of anybody that that is bad?

Mr. Littleton: No. The opinion is the opinion of Mr. Jennings, who has had nationwide experience, and he testified that all of these cities throughout the country enjoy the benefits of adequate banking competition.

The Court: Didn't——

Mr. Littleton: But equally significant with Jennings' testimony, I think, is the silence of the plaintiff.

The Court: Well, I am not——

Mr. Littleton: Here, if Your Honor please, there were available 190 cities, each of which had a bank with 35 per cent or more of the total commercial banking assets. That is 190 clinics, if Your Honor please, in which could be observed what the effect of such would be on competition.

As suggested by my partner, Ernest von Starck, here were 190 test tubes available to the Department of Justice, but they didn't visit a single clinic and they didn't look in [fol. 6976] a single test tube; and thereafter produce before Your Honor the result of their clinical or their experimental findings.

Now maybe I do them an injustice. Maybe they did look and they found nothing that they wanted to bring before you.

But I think it is fair to comment and fair to believe that if the Department of Justice lawyer who said at the outset of this case that this merger was such a violation of the antitrust laws that if it could not be stopped no merger could be stopped, I think it is fair to believe that if such a one should have found the slightest evidence of invidious effects of 35 per cent concentration in any one of these cities he would have brought it in here. He couldn't and he didn't find it; and the reason that he couldn't and that he didn't is because it doesn't exist.

Now he made a remark this morning about the seven gentlemen who are the very respected Governors of the Federal Reserve Board. If he had found anybody in the Federal Reserve Board, those seven or any member of the staff, who could provide him with real evidence, not theory but real evidence, that 35 per cent would substantially and harmfully affect competition in Philadelphia, wouldn't he have brought them in as a witness instead of putting in the record an advisory report, which is not, in that re- [fol. 6977] spect at least, supported by a single scrap of evidence in this case?

But not a soul did he produce from the Federal Reserve.

Now if the relative proportion of banking assets held by the lead bank in a city is determinative of restraint of trade, the Department of Justice, with all the great facili-

ties which it has at its disposal, could readily have produced evidence of restraint in at least one of the 190 major cities in which there has been a greater concentration than there would be in Philadelphia after the merger; but the Department offered no evidence whatsoever with respect to this.

Now in their reply brief filed the day before yesterday, in spite of saying——

The Court: They filed on schedule. Now this schedule——

Mr. Littleton: Of course, they did. Of course, they did.

The Court: All right.

Mr. Littleton: In spite of saying on page 10 that their case doesn't rest upon a finding that any specific percentage of business would be held by the merged bank, on pages 17 and 18 I think they go right back to it and I would like to [fol. 6978] comment on it a minute.

They say the Government submits that even if the Court were to give weight to the "Convenience and needs of the community" under any interpretation of this phrase, in passing on this merger, no case has been made which would justify the elimination of direct and substantial competition and the very substantial increase in concentration in a market already highly concentrated by a series of mergers.

In passing comment, the rest of the country must be in terrible shape.

> "While the antitrust laws may not stand for the proposition that bigness is badness," they say, "they do stand for the proposition that the alleged advantages of size must be subordinated to preservation of a system in which small units can effectively compete with each other."

Now I say that there is no evidence here that the other banks in Philadelphia can't effectively compete with each other and with the Philadelphia-Girard after the merger.

As a matter of fact, there is a quantity of testimony from other banks that they can and that they are looking forward to it avidly and enthusiastically.

Then the Department goes on it its reply brief, "Defendants' reliance on a high level of concentration of

[fol. 6979] banking in other cities is misplaced. Defendants are in no position to propose that evidence of concentration in other cities is evidence that Philadelphia banking will not be adversely affected by this merger. When similar evidence was offered by the Government it was uniformly objected to as being irrelevant to the issues."

May I add that which they did not add? That my objections were uniformly overruled by Your Honor and they were permitted to go ahead?

They don't say this, and how they can make this assertion when they know that Your Honor overruled every one of my objections, I don't know.

Just going further in the reply brief.

The Court: I wonder if you feel better that it is in now; is that it?

Mr. Littleton: I made those objections hoping they would be overruled because I was so anxious to get Jennings' testimony in.

The last sentence in that paragraph of the reply brief,

> "In defendants' brief, overlooking the significance for the purposes of Section 1 of the Sherman Act, of the progressing concentration of banking resources in [fol. 6980] the hands of historic leaders in the four county area."

Well, my comment on that is that concentration is not significant absent any showing of an effect on competition and there certainly hasn't been shown any in this case, and again referring to the F.D.I.C. report to the Congress, which was produced and is an exhibit in this case, they couldn't find any either.

Now the fact that an overwhelming number of the large cities in the United States have these banks with more than 35 per cent of the total banking assets in those cities makes it impossible to escape the conclusion that the proportion of bank assets held by a bank in a city is not indicative of the competitive power which a bank may have; but there were further satistics produced by the banks which show that large size does not produce dominance in banking.

This morning I handed up for Your Honor's convenience D-18, which showed the percentage growth of deposits of every bank in the Delaware Valley during the last ten years, adjusted for mergers.

The Court: Let me ask you this—how valid are statistics as such?

Mr. Littleton: Well, the other day I was told that there were three types of lies: There first is a lie and then there [fol. 6981] is a damn lie and then there is a statistic.

The Court: Mr. McDowell told me that back in 1921, not the McDowell of the Philadelphia National Bank.

Mr. Littleton: Nevertheless, those banks are growing, they are not shrinking. They are growing, not shrinking.

The Court: I know, but in some banks they can grow 3000 per cent and those banks will still have only $100,000 of deposits of $1 million of deposits.

Mr. Littleton: It depends on where they started. They are Russian statistics; I grant you that.

The Court: Sure.

Mr. Littleton: With the Philadelphia National Bank second and the Girard third, if the relative size indicates the relative growth, the growth of the two banks in the two decades should have exceeded the growth of most of those banks; but all of those other banks grew faster.

The fact is that 107 of the 115 other banks (not all of them but 107 out of the 115 banks in the area) experienced a percentage deposit growth greater than that of Philadelphia Bank or Girard.

If we look over the banks in the four-county area, which the Government likes to do, 35 of the 40 other banks had a percentage deposit growth greater than that of either of [fol. 6982] the defendants.

Now the Department consistently overlooks the fact that there are 42 commercial banks in the four-county area and 117 commercial banks in the Delaware Valley, ten-county area (which we choose to call it), and that after the merger there will be only one less. They attempt to avoid the importance of this large number of banks by arguing that the loss of the Girard, the third largest bank, is of extraordinary significance to the competitive climate. This is a conclusion for which there isn't a single word of testimony in the record. On the contrary, the officers of every local bank

who testified were of the opinion that competition would be increased by the merger.

Then the Department points with apparent apprehension to a reduction in the number of competing units during the past decade, both nationally and locally. This, of course, assumes without proof that there were an adequate number of units before and that there are too few now.

Well, there may have been too few in the past or too many in the past and a proper number now. Again I recall to Your Honor's mind the early years of the Thirties, the early part of the Thirties, as to whether there were too many in the past or whether because of changing conditions there may have been a proper number in the past and a proper number now. Whatever it is, the Department made [fol. 6983] no attempt to show whether the present number of banks is too great or too small or what tests should be applied in determining that question.

Again referring to the 1960 report of the F.D.I.C. to the Congress it is stated as a conclusion, based on that agency's study, that a reduction in the number of banks does not necessarily mean a reduction in competition. That is D-48.

The only Philadelphia banking witness whom the Department of Justice called, Mr. Sinklewicz, testified that the reduction in the number of banks in Philadelphia over the last 15 years has been accompanied by an increase in banking competition.

[fol. 6984] Now, the Department is greatly concerned about the small or medium-sized borrower. I get it that the thrust of this suit is powered by this assumed solicitude for the small or medium-sized borrower, and as I have said, there would be, after the merger, 41 banks in the four counties and 116 in the ten counties. Every one of these banks, with the exception of two, have lending limits over $10,000. One of them has a $9,000 limit and another has a $5,000 limit.

Now, to graphically demonstrate this point that I am about to make here, we have combined Exhibits D-16 and D-17, which are respectively the figures with reference to the borrowers from the Philadelphia bank and from the Girard Trust, broken down by amount of loans, amount in dollars of loans, and Exhibit D-57, which shows the number

of commercial banks after the merger able to accomodate customers.

(Document handed to the Court.)

I don't know exactly what a small or a medium-sized borrower is, but let us talk about the borrowers of less than \$50,000. You will notice from the percentage figures there that the borrowers less than \$50,000 from Philadelphia National and Girard Trust combined represented 99 per cent in number of the borrowers from those two banks.

Now, after this merger, 99 per cent of the borrowers of [fol. 6985] these two banks will have 35 banks in Philadelphia to which they can go for similar loans, and if they choose to go into the ten-county area, they have 90 banks to which they can go.

How can Mr. Reycraft expect to get us excited about the fact that if the third bank, as he says, in size, Girard, goes out, the awful effect that will have on this situation? Here are 99 per cent of the borrowers from the Philadelphia and Girard combined. They don't care whether they go to the third bank in size or the 35th bank in size. They can still get accommodated, and they will have 35 alternative choices to go to after this merger in the four-county area, which Mr. Reycraft insists on limiting us to. To go outside, 90 alternative choices.

We all know as a practical matter that no customer would go to all of these banks, but a potential borrower—and the testimony is replete with this on both sides—a potential borrower need only to go to two or three banks to test the bankability of his loan. In view of the wide geographical distribution of the banking offices in Philadelphia, it is clear that any of these borrowers will have an adequate choice of alternative banks. Any borrower in South Philadelphia or Northeast Philadelphia or in any of the suburbs——

[fol. 6886] The Court: Hasn't it been blandly assumed throughout this case that a bank owes a duty to the public to make a loan regardless of anything? It almost has been. I have been just wondering when somebody is going to bring up the idea that a credit rating means something in making a loan.

Mr. Littleton: I think Mr. Price will get into that, but, of course, credit rating has a great deal to do with it. Again

I say that I think that a great deal of the thrust here is small business, and as you know, the small business administration and small business loans really are for the arranging of loan for people who can't get accommodation because they can't get credit rating, because there is never a good small business loan that wouldn't be snapped up right away by many, many banks or any banks that have the opportunity to grant it.

Now, for larger loans the number of commercial banks in the area decreases, as Your Honor will see from this combined exhibit, but even for loans up to $500,000 there are ten banks in the four counties and sixteen banks in the ten counties; and for loans of $500,000, as well as for many loans under that amount, banks from all over the United States compete actively in Philadelphia. There is plenty of testimony in the record about it.

[fol. 6987] The Department of Justice also contends that the anti competitive effects of the merger are shown by the fact that the merged bank would have 65 of the 284 bank officers in the four-county area. Again the only witness produced by them who is familiar with the local branch banking situation, Dr. Keith, testified that the branch operations of Philadelphia National and Girard—and I am quoting his words—"Do not overlap significantly," so that the merger will have no significant effect on branch office competition.

The related argument of the Department that after the merger a would-be borrower who is unsuccessful at one of these 65 branches would be out of luck just doesn't stand analysis, because despite the number of branches of the merged bank, the alternative choices of a would-be borrower can have been reduced by no more than one, and in areas where there is presently no competition between branches of the two banks—and that is what pertains mostly—alternative choices have not been reduced at all. The Department does not contend that the merged bank would have any power to control interest rates or exclude competitors or adopt other restrictive devices. It just couldn't contend that.

The Court: Who doesn't contend that?

[fol. 6988] Mr. Littleton: The Government doesn't.

The Court: It does. We had a professor here—

Mr. Littleton: I didn't hear it this morning, sir.

Professor Goodman?

The Court: One of them had some theory. I don't know where he got it.

Mr. Littleton: But I haven't heard it urged by the Government here this morning.

The Court: No.

Mr. Littleton: And I don't think they could contend it, since all of the real evidence is to the contrary, and since there are an adequate number of alternative choices in the four-county area and a greater number in the Delaware Valley. It is impossible to see that the merger presents even the possibility of a restraint of trade, let alone that certainty which is required by the Sherman Act.

Again I think I should refer to the reply brief, because they have something to say about that on page 17, the bottom of page 17 They say, in referring to our brief:

> "They"—meaning the banks—"also assert that there is no evidence that the merged bank would have any power to control interest rates or exclude competitors or adopt other restrictive devices which are the cus- [fol. 6989] tomary evils of monopoly. This assertion in conjunction with the parallel assertion that there is an adequate number of alternative choices of commercial banks leads the defendants to conclude that it is impossible to see that the merger presents even the possibility of a restraint of trade, let alone the certainty that is required by the Sherman Act."

Now, this is the important thing they go on with.

> "In applying Section 1 of the Sherman Act the Supreme Court has found an unreasonable restraint of trade even though there was no showing that the restraint made it possible for defendants to fix prices or exclude competitors."

But they don't tell you in the brief, if Your Honor pleases, that those two cases, International Salt and Northern Pacific, were both tie-in cases, both per se violations.

They go on and quote a lower court case from the Eastern District of Michigan.

> "As was said in United States vs. Besser Manufacturing Company"—giving the citation—"we do not

concede that the Sherman Antitrust Act anticipates that no deterring steps can be taken until a 100 per cent [fol. 6990] monopoly has become a fait accompli. It is not essential that its result should be complete monopoly; it is sufficient if it really tends to that end, and to deprive the public of the benefits which flow from free competition."

Again I have to complain that they haven't given Your Honor the whole story, because the preceding paragraph to that sentence I have just read you finds that the defendant had the power to control prices.

Let me read it to you, sir, if you please:

"When two closely related corporations have 65 per cent of the dollar value of any industry and the balance is divided between over 50 other manufacturers with the nearest competitor having less than 8 per cent of the whole, we believe that such a combination has to all intents and purposes a monopoly within the meaning of the law. Add to this the fact that it's the big automatics that are important, not the hand tampers or the semi-automatics, and we find the position of Besser-Stearns in the industry is overwhelming. It has the power in its field to control the prices—meeting the test of the rule laid down in American Tobacco Company," and so on.

[fol. 6991] "The popular meaning of monopoly at the present day seems to be the sole power (or a power largely in excess of that possessed by others) of dealing in some particular commodity or at some particular market or place, or of carrying on some particular business."

I say that these cases in the reply brief don't weaken our contention in the least.

The Department hasn't attempted to measure the precise effects of the proposed merger on any of the alleged product lines referred to in its brief, the other nine that I read to you a few moments ago. The only one they have dealt with is commercial banking, a broad line of commercial banking, but so far as the record shows, the merger will have no effect on any of them adverse to competition.

Now, we have dealt with these in great detail, even though the Department has not done so in their brief, we have dealt with these in great detail in our brief, and unless Your Honor instructs me to do it, I will not burden you or bore you with going into it, except to say that the effective alternatives in every industry, both among commercial banks and other types of financial institutions, are so overwhelming in number and kind that there would seem to be [fol. 6992] no reason for me to dilate on them here.

The Court: Wasn't the main thrust of Mr. Reycraft's argument this morning the tendency toward monopoly, the substantial reduction in competition and the trend toward monopoly? Didn't you understand that to be the thrust?

Mr. Littleton: I understood that to be his thrust, yes, sir, and I think it is mostly directed to the demand deposits.

The Court: What guideposts have been given by Congress in hearings that you can point out to me? Are there any in the hearings on this Bank Merger Act? I have read this three times and I can't find any.

Mr. Littleton: You find a great many statements one way and then you find a couple that seem to cut it down.

The Court: Including a lot by those who appeared here for the Government.

Can you delineate any standards? Maybe Mr. Reycraft can when he comes back.

Mr. Littleton: I think Mr. Price is going to talk about the Congressional Record and the discussion in Congress and attempt to show you what guideposts we think there may be.

The Court: Incidentally, this (indicating) is by courtesy of the Federal Reserve Board of the Third District.

[fol. 6993] Mr. Littleton: May I discuss for a few moments, if Your Honor please, demand deposits, because in banking practice demand deposits are classified as those of individuals, partnerships, and corporations, which Mr. Reycraft denominated as IPC—that is the way the call report refers to them—foreign banks and domestic banks, United States Government, and states and political subdivisions.

Now, the nature of competition differs in these categories, and the markets vary whether you view it from the location

of the customers or from the customers' alternative choices. It is the same problem. For instance, the market for foreign bank deposits is clearly international, and for deposits of correspondent banks it is national or perhaps regional, and for those of the state and its political subdivisions, it is statewide; and for those three types of deposits commercial banks compete with the United States Government obligations, commercial paper, bankers acceptances, and they even compete for correspondent bank balances with the Federal Reserve banks themselves.

The demand deposits of individuals, except for the very largest, are generally local, but even in this category such depositors are not restricted in their choice to the four-county area. I refer to my Yardley-Trenton example.

In the case of small and medium-sized deposits of part- [fol. 6994] nerships and corporations, the same is true, but large deposits, large business deposits, are definitely in the national market. As a matter of fact, 64 per cent of the total demand deposits of partnerships and corporations held by these two banks are owed to customers which are located outside the four-county area, or if they are located within, they have choices, because of their size, outside the Delaware Valley.

The Department has compared the defendant's demand deposits only with those of other banks with headquarters in the four-county area. They keep restricting themselves to that, and I say that this is completely meaningless as a measure of competitive power, since there is no disclosure of the total amount of such business done by such banks outside the four-county area or of the amount of business done inside the four-county area by banks outside the area. Without that I think their figures are meaningless; but, in any event, the fact that a bank has a substantial proportion of demand deposits in a given area is no indication of monopoly or of restraint of trade.

I think it is one of the most important parts of our presentation that size, measured in terms of total resources, is not a determinative nor even a significant factor so far as banking competition is concerned. It does not carry the [fol. 6995] same implication of dominance that it does in other industries, whether they are regulated industries or whether they are not.

Just consider, if Your Honor please, two manufacturing corporations each of which controls 30 per cent of a significant market. You put these two together, and what you have done is to amalgamate a mass of productive assets—plants, tools, raw materials, inventory—so that the owners of this new combined enterprise have control of 60 per cent of the productive capacity used in this market. This may well be a dominant concentration of assets. I don't say that it will be, but it may well be.

But now consider two banks in the same situation. The dollar amount of their combined resources may far exceed that of the two manufacturing companies, but the shareholders of the resulting institution don't own a mass of capital assets. They own liabilities, because the resources of a bank are offset by capital funds and by deposits, which are liabilities.

As I have said earlier, deposits are the life-blood of the bank, and, on the average, the capital deposit ratio is 1 to 10, so that when you put together two large banks, the effect in terms of concentrating capital funds is to amalgamate 10 per cent of the two. The balance consists of liabili- [fol. 6996] ties repayable, in the main, on demand. Depositors can pull them out at any time, and according to the testimony which Your Honor has heard in this case, they frequently do. Some decide, when there is a merger, to withdraw their accounts and take them to a smaller bank. Others who had accounts in both banks decide to move part of their combined account to a third bank.

Again the bank doesn't own its deposits; it owes them. It is dependent on the good will and on the service it renders to keep them. So long as depositors have an adequate choice of other banks to go to, the combined bank will remain big only if it provides service and retains its good will. So the amount of the bank's demand deposits is merely a measure of past success and is no forecast of future growth. The record is replete with evidence that small banks are relatively much more successful in acquiring new deposits than are large banks; but, in any event, there is no evidence whatsoever in this case that the merged bank will be able to restrain trade with respect to demand deposits of any category in the four county or any other area, and

I think it was the demand deposits on which Mr. Reycraft was emphasizing his argument.

Now, affirmatively, if Your Honor please, we contend that this proposed merger will benefit the Philadelphia [fol. 6997] area and will strengthen bank competition nationally. We all know that commercial banking is essentially a service business and as such it has to keep in step with changes in population patterns and in the banking needs of the community.

Your Honor knows, and I think Mr. Reycraft knows now, since he has been in Philadelphia so much, that the Philadelphia banking community has adjusted to changing population patterns and to the needs of the individual citizens. I thought for a while in this case we were almost trying a branch bank case, and I don't want to get led down that lane, because we are not, but simply to comment on the vast change that has taken place in the Philadelphia and the Delaware Valley area in the last 10 or 15 years, the movement of people, the movement of industry, the increase of industry in what have been suburban and what have been rural areas. I think it was the Mayor who said, "All you have to do is go up in a helicopter and look down and you see that the whole Delaware Valley is just one big industrial and business complex."

The Court: I have seen a forecast that within the next 20 years from Maine to Virginia will be one solid business complex too.

Mr. Littleton: Yes, sir.

This great change in the outlying areas, of course, affects the customers and the business of the bank. They have to [fol. 6998] follow their customers and they have to go where business bids them go. Banks don't establish branches for the idea of having branches if there is no business there. They go where business goes. They go to follow their customers. It is not a desire just for bigness, as Mr. Reycraft suggested this morning, not a desire just to increase in size, but it is a response to customer and public and business needs. I don't say it is all pro bono publico. You want to go where you get the business. Where customers go, we have to move with them.

The Court: It isn't altruistic.

Mr. Littleton: No, it isn't altruistic, certainly not, but

we want to go where our customers go, and we want to go where new businesses are going. This is what explains the merger movement, not some invidious desire to just grow big or to say to New York, "We are as big as you are," and to Boston, "We are as big as you are. We have got just as big a bank." It is not that, and as one writer has said, it is not any pressure from inside the banks that is pushing them out. Rather it is the suction from outside, from customers and businesses that go outside and establish themselves.

Now, that is the branch banking, the cross county merging, if you please, that is taking place, and on which the [fol. 6999] Department of Justice looks with, I think, apprehension; but it is just the Philadelphia banking community adjusting to the changing population patterns and to the needs of business and the citizens.

Now, the number of banking offices in the four counties which the Department selects has increased from 178 to 283 in the last 13 years, in this effort to adjust to the changing population and business pattern, and virtually all banks in the Philadelphia area now provide every kind of service—special checking accounts for small depositors, a full line of banking services—but banks in the Philadelphia area have not kept pace with the ever increasing credit requirements of large industrial and commercial enterprises in the Delaware Valley, or I would rather state it this way, if Your Honor pleases: The growth and the rate of growth of the general economy in the Delaware Valley has gradually outstripped the growth and the rate of growth of the banks.

Our Exhibit D-25, which Your Honor may remember, graphically demonstrated this. It showed the growth of business. Then there are other measurements of our present inadequacies in banking in Philadelphia. Our exhibits show that Philadelphia ranks fourth or fifth when the twelve largest metropolitan areas in the United States are ranked [fol. 7000] on the various measures of economic activity. Yet Philadelphia ranks ninth on the basis of the size of its leading bank; and I am sorry to say that bank is neither the Philadelphia National nor the Girard Trust Company. The largest bank in Philadelphia ranks 20th in the United States. The First Pennsylvania Company ranks 20th in the United

States and is smaller than one or more banks in San Francisco, in Pittsburgh, in Boston, in Detroit, in Cleveland, and in Dallas, every one of which has a smaller population than Philadelphia.

As a matter of fact, when this merger has been consummated, the merged bank, as Your Honor knows——

The Court: Hadn't you better put it, "if consummated"?

Mr. Littleton: I am speaking very hopefully, sir. If, as and when this merger has been consummated, the merged bank will still be smaller than the Mellon out in Pittsburgh and only about the same size as the First National of Boston, the First Boston.

Now, what is the consequence? Well, the consequence, if Philadelphia does not have a bank large enough to meet the normal needs of the large business enterprises of today, a great deal of our bank business is shifted to New York, and no amount of protestation from Mr. Reycraft as to [fol. 7001] what wasn't shown can deny that.

The Court: Well, it could have been shown.

Mr. Littleton: It could have been shown, certainly.

The Court: And it wasn't.

Mr. Littleton: And it was shown in general by the testimony of men like McGinley and Carter and those people—not only to New York, but to other cities which have larger banks than Philadelphia.

Banking business is solicited actively in Philadelphia by all of the large banks throughout the United States, and particularly by the New York City banks, which, according to Mr. Carter, if you remember, according to what a New York banker said to him, they consider Philadelphia their happy hunting grounds.

Now, the purpose of this merger is to stop this trend and if possible to reverse it. The Department does not seem to think that that is a laudable purpose, or at least they comment in their reply brief on page 14 at the bottom:

> "The evidence showed, and defendants do not contend otherwise, that of the six banking factors enumerated in the Bank Merger Act the only one which tends to support their position that this merger would [fol. 7002] be beneficial is the convenience and needs of the community to be served."

[fol. 7003] Now I think this is a totally unjustified inference. The Comptroller says he considered all six banking factors, as well as the possibility of restraint or the tendency to create a monopoly; and what the Department of Justice is here saying is that we must, in this case, prove as to every one of these factors enumerated in the Banking Act of 1960 that this merger is right and that if we don't prove every one of them then this merger must be wrong. Congress never said that and I refuse to concede that that is our burden.

They go on and say so far as increasing deposits is concerned, the evidence shows that the growth of deposits in Philadelphia is unrelated to the lending activities of Philadelphia banks. I say again that is totally unjustified, because one possible reason for the slower growth of the Philadelphia National and the Girard is the loss of larger customers or the inability to obtain potential customers due to the inadequacy of their lending capacity.

A little further along on the same page they say,

> "Similarly, defendants do not point to any business which might consider locating in the Philadelphia area because of this merger. In fact, Mr. Brown appeared to concede on the stand that the merged bank would not be able to encourage businessmen to establish [fol. 7004] plants in the area because of its increased lending limit. This is evidence which defendants have failed to account for in maintaining their position that the merger is indispensable to the satisfactory progress of the Philadelphia area."

Well, I can certainly remember Mr. Graves on the stand, and he testified that banking was one of the factors which persuaded a large aluminum company not to locate here. That is just one comment I would care to make on it.

Now, if Your Honor please, if this merger is permitted, I will put it that way, the new bank will not only have a lending limit and resources more comparable to the banking needs of Philadelphia, but it will also have sufficient resources to enable it to create special departments for types of loans and industry groups, it will enable it to increase its services to correspondent banks, to establish departments to develop new services, and to develop the

uses of electronic equipment. The increased total resources of the merged bank will enable it to develop more fully its foreign services through increased investment in Philadelphia National Bank's international investment corporation.

Let me say right there that this is all in furtherance of [fol. 7005] the public good and the public purpose; if the expression of Congress in the legislation which it has enacted is supposed to be the public will speaking (and I think it is) because these laws have only in recent years been passed by Congress, which shows that it is the policy of the United States Government to have domestic banks like the Philadelphia National Bank get into this international investment corporation thing; and this merger will permit us to do that kind of thing. We have the corporation formed, but we are too small to do anything real with it at the present time.

The formation of an international banking corporation, the use of full-time representatives abroad, and the opening of foreign branches—all of this in turn, because nothing succeeds like success, will enable the merged bank to attract large customers in the national market who require these specialized services.

Now to answer and to anticipate what Mr. Reycraft will say, Your Honor will remember that witness after witness stated that this would not adversely affect existing relationships between these large customers and other Philadelphia banks; that this would create new customers.

The public would benefit from the additional large customers which the merged bank would secure.

Your Honor will remember that an analysis we had of [fol. 7006] the accounts of the largest customers of each bank, and it showed over the year 1960 that those customers on the average maintained deposits which exceeded their loans by a very substantial margin. In the case of Philadelphia National average deposits were twice as large as average loans; and in the case of Girard average deposits were more than one and one half times the amount of the average loan.

This is the type of customer that the banks seek to acquire and hold by this merger and the excess of deposits over loans thereby produced, Professor Smith and his formula to the contrary notwithstanding (and I am not

going to get into that) will constitute additional credit available in Philadelphia to all sizes of business borrowers and so will be of help and interest to the small and medium-sized borrower about whom the Department of Justice presumes to be so concerned.

Now the Department not only implied, they explicitly stated this morning that other methods than merger might be used to establish a lending limit of the size commensurate with the needs of the Delaware Valley community. Well, a bank in Philadelphia, if Your Honor please, of the size of the proposed merged one cannot possibly be achieved by the sale of additional stock or by retained earnings within any reasonable period of time. It is not [fol. 7007] only additional capital (I don't have to argue this to Your Honor, I know you know it). That isn't the thing that is necessary. What is necessary are additional deposits. We have plenty of capital. As a matter of fact, both of these banks have more capital than the average. They don't need more capital, but additional capital must be supported by deposits which, in turn, will produce earnings. Otherwise, there would be an unwarranted diminution of earnings per share to the detriment of the presently existing shareholders; and I say to you it would take years to build up sufficient deposits for Philadelphia National to support $70 million of additional capital, which is the amount necessary to increase the lending limit from $8 million to $15 million.

Now Mr. Reycraft this morning (it is not in the record but I have no objection to that) mentioned in passing what our friends, The First Pennsylvania Company, are preparing to do and I have seen it too in the press. I don't think it would be proper for me to comment on that here except to say that it is not all to be by the sale of stock—part of it is to be by transfer from undivided profits into capital.

I think I can say that they haven't sold the stock yet, and perhaps they will; but they are going to have to get a lot of deposits to support that.

Now I don't want to go outside the record, but our [fol. 7008] friend, Mr. MacLaren, the vice president and comptroller of the Philadelphia National Bank, has furnished me with a complete memorandum of what we would

have to do, and if Your Honor cares to have me go into that to show what the effect of it would be——

The Court: I think it has been gone into. I think Mr. Brown testified in that regard, that all that you would do if you put in more capital was dilute the stockholders. He said the same thing, you had to have deposits to support earnings.

I think that is completely in evidence here.

Mr. Littleton: Sure, so I will just——

The Court: I believe he testified. If it wasn't he, it was someone else.

Mr. Littleton: Let me say then——

The Court: There is testimony in this record to that effect.

Mr. Littleton: The Philadelphia Bank could raise its lending limit to $10 million by offering shareholders the right to subscribe to one new share for every ten shares held and by transferring approximately $6,800,000 from undivided profits to surplus; but the $10 million lending limit is not enough competitively for a bank such as the Philadelphia Bank, with its relatively large number of [fol. 7009] national accounts.

Beyond that, Philadelphia National Bank doesn't need additional capital. It is already stronger than the average, capitalwise. The earnings, if it did this, would be diluted by about 8 per cent and a fair estimate, a conservative estimate, ~~is that~~ it would take from $45 million to $65 million in new deposits to restore earnings to their 1960 rate; and on the basis of past deposit growth it would take seven to ten years to accomplish this.

Now to reach a $15 million lending limit, which is what we will get through this merger, through the sale of additional shares would be simply impossible at Philadelphia National Bank. Let me tell you why.

First, shareholders would have to be given the right to subscribe for one new share for each two shares held and, as Your Honor well knows, there would be many, many shareholders (small shareholders) who couldn't afford to exercise the right.

The earnings would be so diluted that no careful investor would be interested in the deal and the management couldn't even recommend it to the board; and knowing

the board I would say that even if the management should be so foolish to recommend it, the board, I don't think, would approve.

[fol. 7010] Now if the stock could be sold at 45, to give some theoretical value, the proceeds would be $59,600,000 and then you would have to transfer $10,400,000 from undivided. That would leave the bank in pretty thin condition, with only $7,200,000 of undivided remaining.

If, instead of selling at 45, we sold it at 50, only $3,800,000 of undivided would have to be transferred and an adequate $13,800,000 of undivided profits would remain.

But—and here is the big "but"—the future earnings wouldn't support either price. Assuming for the purposes of argument (and it is a pretty violent assumption) that the new funds would earn 5 per cent (I would say that would be at least 2 per cent high because, of course, the loan and investment cost would increase substantially) earnings per share would decline 25 per cent and it would take $275 million to $350 million of new deposits to restore earnings per share to the 1960 level. Just impossible; just incomprehensible to talk about.

Assume the funds earned 3 per cent, which is more realistic; then it would be even worse.

Now the other great point that has been made constantly, and I think Your Honor must have gotten sickened to death with it because we all talked about it so much, is this question of participation. Over line participations in [fol. 7011] the true sense are used almost exclusively by small country banks which maintain balances with city correspondents like the Philadelphia National or the Girard sufficient to justify the participation in the over line loan by the large city bank, where they let their correspondents in on it.

The Court: I have come to the conclusion that that was a suggestion of non-bankers to bankers how to run their business, so don't go into it.

Mr. Littleton: All right. I won't go into it at all.

Now a further benefit to the Philadelphia area lies in the possibility that a bank in Philadelphia which is large enough to compete effectively on the national and international markets will serve as an inducement to the location the new business and industries in Philadelphia and that,

Mr. Graves of the P.I.D.C. and the Chamber of Commerce and the Mayor were very, very definite about.

The Department argues that the need for the merger and the benefits which will result from the merger are not relevant to the issues in this case but, if Your Honor please, these factors at the very least show that the proposed merger is motivated by proper business reasons and not by any intent or purpose to restrain trade or achieve a monopoly.

In addition, these facts establish that it would be a [fol. 7012] reasonable merger in view of the public interest to be served. I quote the Appalachian Coal case:

> "In applying this test a close and objective scrutiny of the particular conditions and purposes is necessary in each case. Realities must dominate the judgment. The mere fact that the parties to an agreement eliminate competition between themselves is not enough to condemn it. The question of the application of the statute is one of intent and effect and is not to be determined by arbitrary assumptions."

Now since the Department of Justice has failed to show any restraints, the merger here in my opinion is even more clearly not subject to attack under Section 1. Think of it, Your Honor, in this case the Government has not shown that this merger will hurt other banks, they have not shown that it will hurt any customers, they have not shown that it would create a monopoly.

What is left to them? They must be arguing that this a per se violation of Section 1; and how in Heaven's name can they argue that it is a per se violation of Section 1 when Congress passed the Bank Merger Act of 1960? I ask you that.

Now my presentation has been to attempt to demonstrate that while we don't believe that the Sherman Act is appli- [fol. 7013] cable, nevertheless, if it is, this merger does not offend or fly in the face of the Sherman Act prohibition. I will go further. Even if the antitrust statutes are applicable, the public interest requires that this merger be approved.

After all, the antitrust statutes, like all laws enacted by Congress, are presumably the expression of the public

will. In the administration of them they should not be interpreted in a particular case such as this bank merger by a careless analogy to industries which are not comparable, nor by an easy application of rigid and universal formulae.

The Sherman Act was not enacted to provide a doctrinaire exercise for the Department of Justice and the Antitrust Division. The antitrust statutes were enacted in the interest of the public which has to live by them and I urge Your Honor in the public interest to so interpret them as to approve this merger, which is a merger desired by customers of the banks, by the other banks in the Philadelphia area, by the representatives of business and industry, by the officials of the City; in short, by the entire public with the glaring exception of the Attorney General of the United States.

Thank you, Your Honor.

[fol. 7014] The Court: We have had an hour and five minutes. Suppose we take a short recess.

(A recess was had.)

The Court: Mr. Price.

Argument by Mr. Price

Mr. Price: With Your Honor's permission, I should like to consider three aspects of this case:

No. 1 the Clayton Act.

No. 2 the 1960 Amendment to the Banking Act and the extent of the authority to act of the Comptroller.

Then, finally, a brief review of the type of evidence that was offered by the Government in this case to establish what is contended to be a violation of both the Sherman Act and the Clayton Act.

First, it is our position that the Clayton Act has no significance in this case and that in no circumstances can a violation of it occur by virtue of the merger which has been proposed.

But I should first refer to the Firstamerica case which was adverted to previously this morning, and the reason why that is of no significance here is twofold—(1) that suit arose under the Bank Merger Act, which contains an

express saving clause, saving the operation of the antitrust laws even though——

The Court: Wasn't that under the Holding Company Act?

[fol. 7015] Mr. Price: Yes, sir, under the Holding Company Act, and the Holding Company Act contains a saving clause in favor of the antitrust laws; and (2), of course, it was a stock acquisition because it was a holding company operation rather than a merger such as this.

Now we have in this case, of course, a precise and direct interpretation of the language of the Clayton Act which, if this were not a bank, would be applicable; and that was in the Arrow-Hart case which has been referred to, where the Supreme Court of the United States construed the language of Section 7 of the Clayton Act as originally enacted in 1914. That was that no corporation engaged in commerce should acquire the stock or other share capital of another corporation and so on.

That was expressly held in the Arrow-Hart case not to apply to a merger. The Court said the statute does not forbid the acquirement of property or the merger of corporations; so that the Supreme Court there declared that that language, as it then existed, did not apply to a merger.

So far as the du Pont case, which was referred to also this morning, is concerned, that was the first case in which the Supreme Court of the United States held that a vertical merger came within the scope of the Clayton Act. All the [fol. 7016] opinions that had been rendered before by the F.T.C. and others were that that did not apply to a vertical merger, and that is the only significant point in that decision so far as this case is concerned; but this is not a vertical merger. This is not the creation of a subsidiary as it might have been under the Holding Company Act. This is a merger and that has been declared to be an asset acquisition as distinguished from a stock acquisition.

Of course, the reason why the Government would like to make the Clayton Act applicable is because the Department of Justice considers it doesn't have to prove so much under the Clayton Act, and they tried to get the Clayton Act construed in such a way as to extend to this type of operation in the Celanese case; but there the Court said Section 7 was not intended to apply to the acquisition by one corporation of the assets of another, or the open unit-

ing of the business of two or more corporations by legitimate reorganizations, consolidations, or merger. That case was decided in 1950, so that the Department of Justice tried then to get the Court to accept its interpretation of the Clayton Act as being applicable to the acquisition of assets in a merger.

Between the time of the Arrow-Hart decision in 1934 and 1950, when the Clayton Act was amended by the Celler- [fol. 7017] Kefauver Act, there were a number of efforts made to get Congress to change the language of the Clayton Act, of Section 7, and during the period between 1921 and 1949 there were 21 separate bills offered to accomplish that result. They were always rejected by Congress, so that until 1950 Congress had consistently refused to accept this notion that stock acquisitions, that asset acquisitions, should be subject to the Clayton Act.

[fol. 7018] Now, in 1950 the amendment that was then adopted provided that the asset acquisitions should be subject to the Clayton Act, except that it would apply only to corporations that were subject to the jurisdiction of the Federal Trade Commission, and under the Federal Trade Commission Act banks are expressly exempted from that provision of the statute, and therefore the effect of the 1950 amendment was to exclude banks from the new provision which made asset acquisitions subject to the provisions of the statute and left them in precisely the same position as they had been before.

The Court: Just a moment. Doesn't that say that:

> "No corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital, where, in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition or tend to create a monopoly," without reference to the Federal Trade Commission?

Mr. Price: No, sir, you are reading now the original form of the Clayton Act, Section 7, as adopted in 1914.

[fol. 7019] The Court: All right.

Mr. Price: Now, in 1950 the amendment added words which the Department of Justice has not seen fit to print in its brief. They have been omitted, but they are, ". . . and

no corporation subject to the jurisdiction of the Federal Trade Commission shall acquire . . ."

The Court: This is the 1950 amendment that I am now reading.

Mr. Price: ". . . stock or other share capital, and no corporation subject to the jurisdiction of the Federal Trade Commission . . ."

The Court: It says that too, but doesn't it also include corporations engaged in any line of commerce?

Mr. Price: Oh, yes.

The Court: Well, if this is engaging in a line of commerce without reference to the Federal Trade Commission, isn't that subject to the provisions of the Act?

Mr. Price: It would be if it were a stock acquisition.

The Court: That is just the point that they are arguing in this case, that it is.

Mr. Price: Yes, sir, and I am going to come to that in a moment as a question of what the facts are, but I think that should be clear before I get to the distinguishing facts, [fol. 7020] what the Act itself provides, because the Government has left out of its quotation, in the early part of its brief, the section, the statute, the significant words that no corporation subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets.

That is the assets clause which was added for the first time in 1950. Between 1914 and 1950 it applied only to stock acquisitions, so that the only change that took place pertinent to this controversy in 1950 was the inclusion for the first time of an asset acquisition, but——

The Court: I don't understand that the Government is arguing that in this case, the asset acquisition. Maybe I am wrong. They are talking under the Clayton Act of stock acquisitions.

Mr. Price: That is right. They are claiming that this is a stock acquisition.

The Court: They say, and I think they expressly disaffirmed this morning, if this were an asset purchase as they view it, they wouldn't be here.

Mr. Price: Well, that is the position they take now, but the fact that this change took place in 1950 I think has this significance, because Your Honor asked this morning why

the Department of Justice had not brought suit before this.
[fol. 7021] The Court: That is right.

Mr. Price: In similar circumstances. Now, the reason why they didn't bring suit before this in similar circumstances is that they consistently and frequently announced that they had no authority to bring such suits under the Clayton Act, and that has been the position of the Department of Justice for a great many years.

The Court: They said the same thing in 1917 about the acquisition of General Motors stock—do you remember—by duPont. Since then they changed their minds.

Mr. Price: They did, but as far as the Department of Justice is concerned, they have been appealing to Congress for a number of years to make the change in Section 7 of the Clayton Act which would enable them to bring suit, for the purpose of being able to advance a philosophical doctrine or an economic doctrine which has not yet found acceptance in Congress.

Attorney General Brownell in 1957, for example, said:

> "On the basis of these provisions the Department of Justice has concluded, and all apparently agree, that asset acquisitions by banks are not covered by Section 7 as amended in 1950."

[fol. 7022] Now, asset acquisitions were what the Supreme Court in the Arrow-Hart case called what happened when you had a merger. The merger consisted in an asset acquisition as distinguished from a stock acquisition, so that accepting that, the Justice Department has consistently for five or six years taken that position and they have appealed constantly to Congress to amend Section 7 in order to make it possible to bring the kind of suit which they now for the first time claim they can bring anyhow.

In 1955 Attorney General Barnes took the same position. In 1956 he appealed again to Congress to amend the law. In 1958 Assistant Attorney General Bicks appealed to Congress, in the consideration of this Bank Merger Act—

The Court: The same expert in this case?

Mr. Price: Bicks?

The Court: Yes.

Mr. Price: Bicks was the one who expressed an opinion in this case which the Attorney General now relies upon

as an expert, but he was at that time a partisan asking Congress to accept an economic theory which nobody had been willing to accept and hasn't yet for that matter, but in 1959 Deputy Attorney General Walsh made the same appeal, and Attorney General Rogers in 1959, in a telegram to Senator Robertson, when they were considering the present Bank Merger Act, made the same appeal and said [fol. 7023] that they desired Section 7 to apply to mergers so that they could follow the course which they now profess to be able to pursue, but Congress uniformly rejected that appeal, and on pages 8131 (volume 105) and 12927 (volume 107, daily edition) of the Congressional Record Senator Robertson reiterated the position of Congress that Section 7 of the Clayton Act does not apply to the acquisition of bank assets which, under the Arrow-Hart case, is a merger.

Now, in order, therefore, to justify the argument which the Government through the Attorney General is presently making, they have to pretend in some fashion that this particular merger is different from every other merger that has ever taken place and that it is a stock acquisition as distinguished from an asset acquisition. That is a little like trying to determine whether it is Monday or Thursday by a process of pure reasoning. The only way you can determine that kind of question is to look at the calendar, and here that means looking at the agreement. The agreement is not a stock acquisition; and to use the illustration that Your Honor offered this morning of the stockholders of Girard coming into the bank building and offering their shares of stock, if they merely offered them and a clerk on the other side of the table stamped with a rubber stamp the name of the new company and the proportion of shares that each one of those certificates represented, precisely [fol. 7024] the same result would have been accomplished as has been provided for under the terms of this agreement. All that the agreement says is that the stockholders may exchange their certificates by giving them to a clerk in the new bank, who will give them another piece of paper with their name and address typed on it, and I suggest here that even looking at the contract even carelessly, no one could reasonably come to the conclusion that this is anything other than an asset acquisition.

The stockholders of the Girard have not been required by this agreement to do anything except have an exchange of the shares represented by their present ownership for the shares with the new name on them, but they correspond with the proportional share of the assets of the company which had been transferred by operation of law under the Banking Act. The Banking Act itself says in so many words that this shall constitute automatically a transfer of assets.

The Court: Well, actually, anyone that doesn't want to go along can make some money by dissenting and asking the Comptroller to fix the value of the shares, can't he?

Mr. Price: That is right; that is right. So it is quite different from a stock acquisition which the Attorney General is now trying to pretend that this transaction is, and the only way that he could get in under the Clayton Act is to have somebody say this is a stock acquisition.

[fol. 7025] The Court: He says it.

Mr. Price: He says it.

The Court: Yes.

Mr. Price: The contract doesn't. The Supreme Court has said that this kind of transaction isn't a stock acquisition.

The Court: He said your contract as drawn makes it.

Mr. Price: All I can say is look at the contract, and I suggest that the contract doesn't say any such thing, and therefore Section 7 of the Clayton Act does not apply, because it applies only in the event of asset acquisitions which are made by companies that are subject to the Federal Trade Commission.

The Court: Well, he admits that you are not subject to that.

Mr. Price: That is right, and having admitted that, that takes us out from under the provisions of the Clayton Act.

The Court: He doesn't agree with you.

Mr. Price: I know.

The Court: But you say that it does?

Mr. Price: I say that it does, and I refer Your Honor, [fol. 7026] not to the Department of Justice's statement as authority, but to the contract itself.

Of course, if the Clayton Act did apply to this kind of situation, a bank acquiring assets in this manner, it would create the rather startling if not absurd situation of requiring the Federal Reserve Board to adopt one test for the

purpose of approving a merger where the resulting bank was a state bank, as distinguished from a national bank, and yet that same Federal Reserve Board is required under the terms of the Act to enforce the provisions of it, and if, therefore, the test of enforcement is the Sherman Act or the Clayton Act or some antitrust act, the Federal Reserve Board would be in the position of bringing an action, as it did in the Transamerica case, bringing an action to enforce what it considered to be the provisions of the antitrust laws, which applied to the transaction, in contradistinction to its own action approving a merger under the tests that are applied in the 1960 amendment to the Banking Act.

That comes about only because the Federal Reserve Board is charged with the duty of enforcing the provisions of the statute, along with the Attorney General, but they can do it independently of the Attorney General and don't have to rely on either the Attorney General's assistance or advice, but can do it on their own entirely, so they would be required to apply two different tests to the same trans- [fol. 7027] action if the Clayton Act should apply; and that brings me to the question of whether or not the amendment of the Banking Code in 1960 indicates that Congress had a different point of view toward this entire problem, and I pass over the question of whether or not the Clayton Act would apply, whether the Clayton Act has been violated, even if it would apply, because Mr. Littleton has covered fully the factual aspects of the case, but in doing so I will refer only to the two decisions which indicate that the Government, in prosecuting their case under the Clayton Act, has to prove a great deal more than they have proven here.

The reference in the U. S. versus duPont Company in 1957—that was the General Motors case—was that under Section 7 the Government must prove the likelihood that competition may be foreclosed in a substantial share of the effective market. Mr. Littleton has pointed out that there has been no testimony from anyone familiar with this market that such a result would be accomplished; and then, so far as the purely mathematical test is concerned, the Court of Appeals of our circuit, in the Erie Sand and Gravel Company case, 291 Fed. 2d, said, where there was sub-

stantially less than one-half of the total commerce in concrete involved, that the conclusion might be that there [fol. 7028] had been some violation of the Clayton Act, but that result is far from obvious, therefore indicating that there had to be some affirmative testimony to show that such a mathematical relationship was significant in itself, before there could be a legal determination that the Clayton Act had been violated.

Now, so far as 1960 is concerned and the amendment of the Bank Code in that year: The tests that had been incorporated in the statute under that amendment are quite different from the tests that would be applied under any of the antitrust laws. That Act adopts a public interest standard for the approval of a merger, rather than an exclusively antitrust standard. The significant elements which the Comptroller and the F.D.I.C. and the Federal Reserve must look to in determining whether or not a merger should be approved are, of course, the financial history and condition of the banks, adequacy of capital structure, future earnings prospects, and character of its management, and so on; but then there is also the requirement that they consider the convenience and needs of the community to be served.

That is something which the Department of Justice now says is a matter of no consideration whatever, and when we offered evidence to show that this was advantageous to [fol. 7029] the community, this merger would be advantageous to the community, they took the position that that was immaterial under the terms of the antitrust laws; but Congress has said that that shall be a test to determine whether or not the merger should be approved in the first place.

Then, in addition to that—in addition to that, not in substitution for it—the statute goes on to say that they shall also take into consideration the effect of the transaction on competition, including any tendency toward monopoly, and then that the merger shall not be approved unless, after considering all of such factors, not just one of them, not just the one relating to competition, but all of such factors, he finds the transaction to be in the public interest.

Now, in order to determine whether the transaction is in the public interest, after weighing all of the several factors,

including the possible effect on competition, the Comptroller is directed to request a report on competitive factors from the Attorney General, also from the Board of Governors of the Federal Reserve system and from the F.D.I.C., so that the Comptroller will be advised by those three others of their opinion, so that he may weigh their opinion and his own opinion and such facts as he may have against all the other factors that are involved in the re- [fol. 7030] quirements of the Banking Act, and then after he has weighed them all and concluded that the result is in the public interest, then, if he finds it is in the public interest, he approves the merger. If he finds it is not, whether it is contrary to some suggestion of the Attorney General on the subject of competition, if he finds it is not in the public interest on any ground, then he disapproves it.

So I say to Your Honor that this statute now shows a purpose on the part of Congress to adopt a public interest standard in determining whether a merger shall be approved or disapproved, rather than the more limited antitrust standard, which is the only test that is being offered now as the basis for a disapproval of this proposed merger. Antitrust policies are simply things that are considered and should be considered and quite properly should be considered, but Congress itself has said that it is not the sole standard, and that is the only standard that could be applied if the test offered now by the Attorney General is accepted.

The Court: Isn't there, running through both House hearings, and even in some of the reports, at least the inference, if not the statement, that any bank merger is subject to the Sherman Act? Doesn't that appear time and time again? As I recall reading those reports and the hearings, and so forth, at least Senators, Congressmen, [fol. 7031] have said time and time again that in their opinion bank mergers were subject to the Sherman Act. Isn't that the fact?

Mr. Price: Some of them undoubtedly did, and I have quoted one or two on the brief where that statement was made.

Since the question has been raised here, and since it was also raised by this statement in the Department's reply brief, "Nevertheless, there was unanimous agreement that

enactment of S-1062 would not in any way affect the applicability of the Sherman Act or the Clayton Act to bank mergers," I should like to take a little time now to call your attention——

The Court: I didn't understand it was unanimous agreement on that.

Mr. Reycraft: In the report, sir.

Mr. Price: That is the statement in the reply brief.

The Court: What report?

Mr. Reycraft: I beg your pardon for interrupting, but it is in the House report.

The Court: The House report? I have it right here. What page?

Mr. Reycraft: Page 9.

The Court: All right. Let me check it, Mr. Price, if you don't mind.

[fol. 7032] Mr. Price: Yes. I would be glad to have you do that, if you would.

Mr. Reycraft: It is at the bottom of the first paragraph, sir.

The Court: "S-1062 would not in any way affect the applicability of the Sherman Act or the Clayton Act to bank mergers."

Here it is.

Mr. Price: Now may I call Your Honor's attention to the Senate report, where the Senate Committee said:

> "The committee wants to make crystal clear its intention that the various banking factors in any particular case may be held to outweigh the competitive factors and that the competitive factors, however favorable or unfavorable, are not in and of themselves controlling on the decision."

So that the Senate consistently took the position that the amendment which was ultimately adopted—suggested by the House and adopted—did not change this philosophy, which was that the public interest standards should be accepted rather than the narrower antitrust standards.

Senator Fulbright, when he was speaking of the con-[fol. 7033] currence in the House amendments, said:

> "S-1062 was a clear statement for the third time of the Senate's view that the provisions of Section 7 of

> the Clayton Act should not apply to bank mergers. The amendments to 1062 made by the House do not change this aspect of the bill. The House has agreed with the Senate that bank mergers should be controlled by the Federal banking agencies on the basis of both banking factors and competitive factors and that Section 7 of the Clayton Act should continue to be inapplicable to bank mergers."

So that at least Senator Fulbright believed that the Senate, in passing this bill, had preserved this same position of antagonism to making bank mergers subject to the restrictive provisions of Section 7 of the Clayton Act.

Now, that is an emphasis on the public interest standard which the Senate certainly thought it was adopting in the adoption of this 1960 amendment which was then called S-1062.

Your Honor will remember, from having read not only the reports, but I guess some of the Congressional Record of the debates which followed the adoption of the reports, that there was a suggestion by one or more of the Senators, [fol. 7034] at least, that there did not have to be a precise amendment adopted to change the tests that might have been applied to bank mergers before under the Sherman Act, but that the later statute, showing an inconsistent view, would be sufficient to be controlling.

Of course, the Supreme Court of the United States has recognized that, and in the case of Minneapolis and St. Louis Railroad against the United States, the Court said:

> ". . . there can be little doubt that the Commission is not to measure proposals for all-rail or all-motor consolidations by the standards of the antitrust laws."

And I submit, sir, that this amendment of 1960 of the Banking Code accomplishes the same result, and therefore the Courts thereafter should not measure bank mergers by the standards of the antitrust laws but by the standards that are set up in this amendment, which are the public interest standards, which require the Comptroller in this case to consider the benefits to the community of the proposed merger.

Your Honor I think referred this morning to the general subject of whether competition was something that should be accepted as a rule of conduct in this country, and I call Your Honor's attention to the case of FCC versus [fol. 7035] RCA Communications, where the Supreme Court of the United States said:

"That there is a national policy favoring competition cannot be maintained today without careful qualification. It is only in a blunt undiscriminating sense that we speak of competition as an ultimate good."

Following that view the Senate report also said this about the method to be followed by the banking agencies in determining whether mergers were good or bad:

"The basis for handling banking through banking laws, specially framed to fit the particular needs of the field, instead of relying on unrestricted competition and the antitrust laws, is set forth in 'Banking Under the Antitrust Laws,'" and it referred to an article by Mr. Berle.

But the Senate report itself said:

"But it is impossible to require unrestricted competition in the field of banking, and it would be impossible to subject banks to the rules applicable to ordinary industrial and commercial concerns, not subject to regulation and not vested with a public interest."

"Because banking is a licensed and strictly super- [fol. 7036] vised industry that offers problems acutely different from other types of business, the bill vests the ultimate authority to pass on mergers in the Federal bank supervisory agencies, which have a thorough knowledge of the banks, their personnel, and their types of business. For the same reason, the bill requires consideration of the six banking factors now listed in Section 6 of the Federal Deposit Insurance Act."

So that the approach that was made I think more vociferously and clearly and conclusively by the Senators who

were discussing this subject indicates that the antitrust laws were subsidiary to the general welfare test and the public interest test which the amendment provided for.

Let me call Your Honor's attention to the statement by Senator Fulbright which appeared on page 8144 (volume 105) of the Congressional Record, May 14, where he said:

> "With respect to court review—" this is apropos of whether or not the antitrust laws should be applied and therefore get into court, and it followed the suggestion of Senator O'Mahoney that resulted in the rejection of an amendment that he offered, which I will refer to in a moment—but Senator Fulbright said, just before this bill was adopted by the Senate: "With [fol. 7037] respect to court review, I submit that the evaluation of such factors as the banking agencies must consider, such as character of the management, adequacy of the capital structure, and convenience and needs of the community, are not factors capable of court determination. They necessarily involve evaluation based upon specialized experience and knowledge which neither the Attorney General nor the courts possess.
>
> "The committee bill, as amended, gives the Attorney General a voice in the only question in which he has a legitimate interest—competition. The O'Mahoney amendment gives him a veto, because he could throw the whole question into public hearings and court review which no bank would risk."

Now, the philosophy back of that statement, I submit, sir, makes sense, because the Comptroller here has, from his own records, from the experience of his office, from the reports of the Federal banking examiners, all the information which it took two months to present to Your Honor last spring.

The Comptroller knows the answers to all these questions that are now presented for decision, and by virtue of the expertese, or whatever term you wish to apply to it, by virtue at least of his experience, should be as well able [fol. 7038] as any other agency, and certainly better able than the Attorney General, who has not access to information of this sort, to make a proper determination between

the relative weight to be given the antitrust features of a proposed merger and the public interest features of a proposed merger.

Now, the Congress can accept the antitrust standards if they choose, but I submit that by virtue of this amendment they have not done so. The language of the amendment indicates that they do not want to exalt the antitrust standards. They want to subordinate them and make them at least no greater in importance than the public interest standards. They are named together in a group of six standards that are to be considered, and one is certainly not said to be of greater importance than another, to say that the Comptroller shall go through all the inquiry that is necessary to enable him to reach an intelligent conclusion based upon all of these factors, and then say, well, maybe you thought that was the answer, but we are going to sue anyhow and try to get a court to determine this question, not on the basis of the standards chosen by Congress for this particular purpose, but on the basis of standards applied by Congress in certain situations which arise in connection with ordinary business—manufacturing and selling, companies that are not charged with a public interest, that [fol. 7039] are not subject to the kind of regulation that banks are subject to. Certainly nothing in the ordinary conflict that Mr. Littleton referred to this morning, the kind of situation which allows two companies to compete until one goes broke, exists in respect to banks. Congress has indicated that they recognize that distinction and prefer, in view of the control that may be exercised by the regulatory agencies and by Congress itself, to allow the Comptroller, in cases of bank mergers, where the surviving bank is a national bank, to reach a conclusion as to the propriety or impropriety based on a consideration of all these factors, on the basis of a weighing of them by him, and not on the basis of the application of the tests which are suitable for manufacturing and selling companies but which are inappropriate for banks.

[fol. 7040] So after that statement by Senator Fulbright the Act was passed.

Now the significance of the O'Mahoney Amendment is also something that I think that I should refer to. This was a suggestion by Senator O'Mahoney that the whole

matter should be thrown into the ordinary antitrust pot, giving the Attorney General the right of review and, in effect, providing for public hearings and subsequently a determination under the purely antitrust standards.

Now that was rejected and so far as the House was concerned, apparently the opinion of important members of the House, whatever language there might have been in the record, accorded with that. Mr. Spence, speaking on page 7257 (volume 106) of the Congressional Record of 1960 said,

> "This puts control in the banking agencies, which have expert knowledge of the problems involved. At the same time, they will be required to get a report from the Attorney General, whose experience in the antitrust field qualifies him to furnish valuable advice in the administration of the bill."

Then he said,

> "This puts the responsibility for acting on a proposed merger where it belongs—in the agency charged with supervising and examining the bank——"

[fol. 7041] Namely, the Comptroller.

Also from the House Record on page 7259 (volume 106) in 1960, Mr. Multer said, speaking of the language of S.1062,

> ". . . makes it clear that the competitive and monopolistic factors are to be considered along with the banking factors and that after considering all of the factors involved, if the resulting institution will be in the public interest, then the application should be approved and otherwise disapproved."

So, sir, I think that although you can find by reference to all of the statements that have been made on this subject in the House debates and in the Senate debates and in the reports of the House and Senate Committees, and perhaps in the Conference report, statements which may be antagonistic to this view, if you are attempting to weigh them or try to evaluate the final opinion of the Congress when that was adopted, I think that you will be forced to come to the conclusion that what Congress thought it was doing

(whether it did, of course, is up to the Courts to decide ultimately) was to establish a different standard for bank mergers than would normally be applied under the anti-trust laws to mergers of ordinary business concerns, manufacturing and selling companies; and that because of the peculiar nature of banks, the type of regulation to which they were subject, and the type of control that could be [fol. 7042] exercised in this case by the Comptroller over future suggested mergers, there was no reason to be concerned as one might be in the case of manufacturing companies where there was no control that could be exercised except by lawsuit.

Here every merger has to be approved by a Federal regulatory agency, so that if this dreadful situation which the Department of Justice now contemplates of all the banks trying to merge into just one bank arises, if anybody tried that one on and it was considered to be contrary to the public interest, the Comptroller is there to prevent it, the F.D.I.C. is there to prevent it, and the Federal Reserve Board is there to prevent it.

So that it isn't a free situation in which the will of the participants is given free rein, but the control continues.

Another illustration of the type of control that is to be exercised is that in these mergers under this Act the Comptroller is charged with the obligation of reporting annually to the Congress of the mergers that he has approved.

Why? So that Congress can see annually, from time to time, whether the Comptroller is acting within the terms of the statute and of the authority given him, or whether [fol. 7043] he is exceeding it or doing something of which Congress disapproves.

Now an illustration by way of passing may be found in the original Clayton Act, Section 7, which failed to refer to asset acquisitions because back in 1914, when one company was going to take over another they usually just bought up the stock, they didn't buy the assets or they didn't merge in the present form; but as soon as that became subject to the Clayton Act suddenly the practice changed and it was only because Congress found that there was a different approach to the subject of merger in the ordinary business deal, that they amended the Clayton Act, Section 7, to include after that "Asset acquisitions, except for

banks;" so that both types of acquisitions would be covered.

Now Congress has retained the control here itself by requiring annual reports so that the Senate and the House can see exactly where this act is leading and determine whether or not any further amendments are necessary; but in the meantime they have given the Comptroller and the other two agencies the authority to decide this in the first place until Congress acts again.

Now I can say that there is a perfectly good reason why they selected the Comptroller for one type of bank and the F.D.I.C. for another. The Comptroller, through the bank- [fol. 7044] ing examiners, is much more likely to be familiar with the conditions of national banks than any other agency, so he determines it when the surviving bank will be a national bank.

When it is a state bank, a member bank, the Federal Reserve is charged with that duty, and when it is not a member bank then the F.D.I.C.; so that the three banking agencies are those which were given the authority to make this final determination, not the Attorney General. The Attorney General's advice is directed to be sought, but his determination or his decision or his opinion is not binding. He is not given the authority to enforce the Act. That is something entirely outside of ~~his~~ field, except within the limits of the 1960 Amendment.

Now one more thing about the 1960 Amendment as to the purpose of this language, and I will call Your Honor's attention to page 9713 (volume 106) of the 1960 Congressional Record, where there was put into the Congressional Record in order to make clear to the banking agencies which will administer this Act the understanding and intention of the Senate in accepting the amendments of the House and passing the amended bill.

There were then introduced into the record six questions and six answers, and it is not my purpose to read them all or even a substantial part of them, but I would like to call [fol. 7045] attention to one or two.

First, as to the question of size, the question was whether such a merger would increase the extent, quality, and efficiency of services rendered to the public, enhance local, regional, or national competition, and meet all the other specific tests in the bill, would not such a merger be con-

sidered to be in the public interest under this bill regardless of size?

The answer was, yes; size has nothing to do with this in itself. That is merely something to be considered and, therefore, the adding machine test which the Attorney General has applied to this merger does not prove anything by itself. It must be accompanied by some evidence to show that the particular size which results will have a deleterious consequence.

Included in the answer is this sentence:

> "But it is not controlling. If a merger of two large banks qualifies under the tests set forth in the bill, it should be approved and it will be approved, no matter how big the two banks may be."

As to the competitive factor, it was suggested that that was something which the Attorney General should give advice about, but it was merely one of the six.

On the subject of the needs of the community, the question [fol. 7046] tion was:

> "In considering a proposed merger should the needs of the community and the area and the country as a whole for increased financial services resulting from an expanding economy be considered"?

That is the situation which has been shown to exist in Philadelphia. The answer to that was yes:

> "This would not, of course, be the controlling factor any more than any other single factor and, of course, other means of providing increased financial services would be borne in mind.
>
> "But there is no question that the Federal banking agency should give due regard to the adequate accommodation of the growing capital requirements of an expanding economy."

That is what the Comptroller has done here. He has given consideration to that, and yet the Department of Justice now says that convenience, good, benefit to the community are something that should be ignored and have no basis for consideration under the antitrust laws. He may be

right so far as the antitrust laws are concerned, when you get beyond the rule of reason; but the Senate has said differently so far as the applicability of this statute is concerned.

So that the six questions and answers are there for Your [fol. 7047] Honor to consider and they point up, I think, perhaps as clearly as anything else that appears in the Congressional Record the purpose of the Senate and the purpose of the Congress in adopting this new type of regulation, new form of approval to be given to mergers, so that the control would be in the banking agencies where they belong rather than kicked around from pillar to post, subject to suits by the Attorney General whenever he got around to it; and, as in this case, after trying for five or six years to get the Congress to amend the law, unsuccessfully, now suddenly there is a rash of suits brought to try to accomplish the same purpose, the same economic purpose of the Department of Justice, indirectly by subjecting the banks to the additional expense and hazards of litigation after they have followed the course plotted by Congress for their approval.

Only one more thing on this. In the House Report, referring to this same general subject, the House Report said Congress by no means intended that the approvals of mergers by the banking agencies would be left completely without any independent scrutiny. The reason for the requirement of annual reports of approvals to the Congress was to permit the Congress to review the administration of the Act on a case-by-case basis, thus recognizing that there was continuing control, even though not subject to the Sherman Act.

[fol. 7048] Now I would like to review very briefly the kind of evidence that was offered in this case by the Government to establish what it asserted to be the issues that the suit raised, whether competition would be diminished and concentration would be too great.

On page 38 of their brief their position is stated in this language:

"It is the government's position in this case that the fundamental illegality in this merger is its substantial suppression and elimination of competition between nationally-ranked leaders in a local market already

highly concentrated. It is asserted that this merger may, and in fact will, substantially lessen competition and tend to monopoly."

Now that raises the question first, how would this all be accomplished. What is there in the evidence in this case which would indicate first that those results would occur; and, second, if they did occur, what harm would they do?

Your Honor will remember that they called nine bankers, none from Philadelphia. The closest was MacMillen from New York; the next closest was Brumbaugh from a small town upstate, but he had been Commissioner of Banking. Your Honor will remember that he disclaimed the ability [fol. 7049] to express an opinion on the validity of this merger or the usefulness of the merger and said he hadn't studied it and couldn't do it.

The others, however, were men from little towns scattered all over the United States, who had been presidents or past presidents or other officers of the Independent Bankers Association, which Your Honor will recall had what they called a creed, which was antimerger.

But the kind of people that they called, the kind of people that these were, were presidents of small banks in small towns, the Bank of Granite Falls, North Carolina, with a population of 3,000; Mr. DuBois, Sauk Centre, Minnesota, with a population of 3,500; and he was so pleased with himself that he said, after he sat here for a week, he thought he could express an opinion about banking in Philadelphia. Then Mr. Hansen, Elk Point, South Dakota, population 1,500; Mr. Hardin of Pleasanton, California, population 4,000.

Those are the people that the Department of Justice produced in order to show that something in Philadelphia might be wrong. Now all of those men knew their own little communities, no doubt; but all disclaimed any knowledge whatever of Philadelphia and I suggest to Your Honor that the failure of the Government to produce anybody [fol. 7050] more substantial than that indicates that they were totally unable to find any competent evidence of damage that would result from this merger, from the banking point of view.

We called, in contradistinction to them, presidents or chief executives or other officers of banks in Philadelphia,

all of whom contradicted the charge made in the complaint in this case; and I don't propose to review the type of evidence. I merely call your attention to the fact of the quality of the witnesses themselves who testified.

So that so far as the banks were concerned, the banking competitors of the two merging banks in Philadelphia, who were called here, all testified that in their opinion competition would be increased by this merger, not diminished.

Now if the Government had thought that there was to be any deleterious effect from this merger they could have brought somebody not from Pleasanton, California, but somebody from San Francisco, California because San Francisco furnishes a very similar situation to Philadelphia in two respects: One, San Francisco is a great seaport, as Philadelphia is. It differs from Philadelphia, however, in that it is not a large manufacturing community. It is slightly smaller than Philadelphia; its population in the metropolitan area is only 2,200,000, whereas Philadelphia's is 3,700,000.

[fol. 7051] Instead of bringing somebody from San Francisco to say we have a somewhat similar situation here, with one or two very large banks and a lot of small banks, and this is the result, they didn't; they brought the little fellow from Pleasanton who, although he was in competition with the Bank of America, which has a lending limit of $55 million, said that he was doing just fine in competition with that bank.

Yet, upon the over-all picture San Francisco would have been a very good illustration if there was any basis for this contention because there are four banks in San Francisco with large lending limits—the Bank of America, with $55 million; the next bank is $15 million, the next is $12 million, and the fourth is $10 million; and then there are 13 or 14 other banks, so that the number of banks in the community is about the same as Philadelphia.

But unlike Philadelphia, although it is smaller, it has four banks vastly greater in size than any in Philadelphia and the two largest would be larger even after this merger if it is approved than the merged bank; so that community has a situation which is perfect for illustrating the contentions of the Department if the contentions have any foundation in fact whatever; and yet they didn't bring anybody from that community.

[fol. 7052] The communities that were referred to by Mr. Littleton this morning, which are set forth in our requests for findings of fact, showing the number of cities with much greater concentration than there would be in Philadelphia after this merger—not a single witness came from those areas.

It is not a question of whether Philadelphia would just like to be as big as other areas. That isn't the point of this question of whether they produced the evidence or not.

The question is whether the evil which is predicted would result from the situation which would exist after this merger took place; and yet, with all the opportunties that they had for producing evidence of that sort, they failed to produce any; and that is the significance of this situation in other communities, not that Philadelphia is entitled to concentration, as Mr. Reycraft said. They are not entitled to concentration.

I say that the business community in Philadelphia is entitled to service, adequate service from the banks; but that is not a question of being entitled to concentration just because some other area has concentration. It is because the concentration in banking is not an evil word as the Attorney General suggests; it is merely an indication of a [fol. 7053] size adequate to take care of the needs of the community.

Your Honor will no doubt remember that Mr. Jennings testified that in his experience, which was a very large one in the Comptroller's office, the concentration which had developed over the years in certain areas was a natural and to-be-expected result of the demands of the business community. As the business community grew banks had to grow with them; so that concentration (not an evil word or a word connoting something bad or wrong or to be avoided) is merely an indication of the requirements of the community, and these four banks in San Francisco couldn't possibly exist in that size if there weren't a need for them; and if they were destructive of the small banks, the other 14 or 15 banks in San Francisco, there would have been evidence of it, but they are all continuing there and have been, each meeting its own need.

There is a much greater discrepancy in that city than there is in Philadelphia, but because of our distribution of

banking concentration, size of banks, if you will, it is much more gradual from the top to the bottom than it is in San Francisco.

When we consider that in New York there are 17 banks with a lending limit in excess of $1 million and four banks that have a lending limit greater than the entire combined [fol. 7054] lending limit of all the Philadelphia banks, we see that this bugaboo of concentration is meaningless in itself.

Now so far as this merger is concerned, the community wants it. The competitors have all said that it will improve their situation and that they would be glad to have it.

We called representatives of big business and little business to show that in their opinions this would be beneficial to the community, so that the ordinary situation of elimination of competition, destroying the opportunity to get service, doesn't exist.

The Government suggests (and you will remember how much time was spent considering) Sylvan Pools, and all the evidence about Sylvan Pools and whether they could get adequate banking service came from inter-office memoranda, but not a single representative from Sylvan Pools was called to say that he thought there would be something wrong with the merger and they wouldn't be able to get adequate banking service.

So that the only evidence in the case, as distinguished from estimates, from people like Professor Goodman, whom even the Government has abandoned now, and from Professor Smith, who came up with an algebraic formula in order to prove something which was rather obscure—he [fol. 7055] said that his formula was rather hard to follow, if you remember, and he made assumptions which the evidence showed to be untrue, but since they were not in accordance with his theory he rejected the evidence and went on with his assumptions.

That is the only evidence that the Government has except what can be produced by an adding machine, and I suggest that because banks are service institutions which have to meet the demands of the community, the Court, in considering whether or not this merger violates any law, should look at the facts of the case and not simply columns

of figures where you reach a certain percentage and say, well, if it is that big it must be wrong.

Everybody in this area wants the merger who has testified and the Government hasn't produced anybody to say they don't want it. As Mr. Dilworth put it, the Government is trying to freeze Philadelphia into a position of inferiority to New York; "Keep them in short pants," I think was his phrase.

But if this merger is not approved then they will remain in that position of inferiority to New York and allow all of the business which normally and rightfully belongs in Philadelphia to gravitate to that larger community simply because they have the capacity to render the service that the local community needs but can't get.

[fol. 7056] What the Department of Justice is trying to do here is not to enhance competition, but to stifle it. It is trying to make it impossible for two banks here who have the energy and will to try to go out and meet the competition that now comes from New York, to try to serve the members of the business community (in the larger business community), give them the kind of service which they have asked for and said they would like to have—that, they are trying to prevent; in other words, telling the business people here, the banking people here, you have got to do your business the way we say you ought to do it, because we think that's better than the way you want to do it yourselves.

I submit that there is nothing in the antitrust laws, even if they are applicable, to sustain that position; and certainly nothing under the terms of the Banking Act, Amendment of 1960, which adopts the public interest standard as distinguished from the narrow antitrust standard.

Closing Argument by Mr. Reycraft

Mr. Reycraft: I will be brief, Your Honor.

I would like to hand Your Honor a handbook. All of the material in this handbook, I might say, consists of the legislative history of the Clayton Act and the House and Senate reports and opinions on the Clayton Act, which might be convenient for Your Honor.

[fol. 7057] The Court: Do you mean I can take that along with me?

Mr. Reycraft: Yes, sir.

After hearing Mr. Price and Mr. Littleton talk about the Bank Merger Act of 1960 I have re-read, I must say, the introductory paragraph to the Senate report on the Bank Merger Act and it describes the purpose of the amendment,

> "To provide safeguards against mergers and consolidations of banks which might lessen competition unduly or tend unduly to create a monopoly in the field of banking."

This hardly sounds like the kind of legislative intention to me to give an exception to banking, which is apparently what Mr. Price thinks it has done.

I would also like to call Your Honor's attention again to the fact that following the statement in the House Report that the bill would not in any way affect the applicability of the Sherman Act or the Clayton Act to Bank mergers, the House Report was unanimous, and that is a flat unequivocal statement and I don't see how the committee could have been any more clear in expressing their intentions.

The sponsor of the bill in the Senate and the Chairman of the Senate Committee on Banking and Currency, Senator Robertson, said,

[fol. 7058] "Any rights which the Attorney General has with respect to the antitrust laws, he would continue to have under the bill."

That is on page 70 of our brief.

The Senate Report also distinguishes the Interstate Commerce Act which does immunize from the antitrust laws certain mergers by saying that section provides an exemption from the Sherman Act, as well as the Clayton Act—a provision not contained in S.1062.

There has also been a good deal of discussion here of the public interest standard, which the Comptroller and the other bank regulatory agencies apply. This same standard is applied by the Federal Communications Commission, for example, and in the RCA case, U. S. versus RCA, in 358 U. S. 334, Chief Justice Warren made a statement:

"Appellees, like unregulated business concerns, made a business judgment as to the desirability of the exchange. Like unregulated concerns, they had to make this judgment with knowledge that the exchange might run afoul of the antitrust laws. Their decision varied from that of an unregulated concern only in that they also had to obtain the approval of a federal agency. But scope of that approval in the case of the FCC was limited to the statutory standard, 'public [fol. 7059] interest, convenience, and necessity' . . . the monetary terms of the exchange were set by the parties, and were of concern to the Commission only as they might have affected the ability of the parties to serve the public. Even after approval, the parties were free to complete or not to complete the exchange as their sound business judgment dictated. In every sense, the question faced by the parties was solely one of business judgment (as opposed to regulatory coercion), save only that the Commission must have found that the 'public interest' would be served by their decision to make the exchange. No pervasive regulatory scheme was involved."

In that same case, the Supreme Court said that the Federal Communications Commission had no power to decide antitrust issues as such, and I submit that the same considerations apply in this case—that the Comptroller has no power to decide antitrust issues as such, was not given any such power, and does not have the power to immunize any merger from the antitrust laws.

As far as the characterization of a restraint of trade which Mr. Littleton has repeatedly made, I have tried my best to state that the restraint of trade we are talking about is the restraint which occurs from the elimination of all competition between the banks. Mr. Littleton talks about [fol. 7060] combining in order to restrain trade on the theory that he thinks we are saying that after these banks merge we have the view that they are going to go out and restrain somebody's trade.

The competition which we are talking about and which is entitled to be protected is the competition existing between the two banks. We think, in addition, that the transaction

will have a tendency to monopoly and that other banks in the Philadelphia area will follow precisely the same arguments as these two banks are making here before Your Honor; and if Your Honor should permit this particular merger I see no way in which the same argument could be turned down for other banks in the area.

The Court: Why not?

Mr. Reycraft: Pardon me, sir?

The Court: Why not?

You have made a statement and I am asking you why not.

Mr. Reycraft: It would appear to me to be quite illogical for Your Honor to say——

The Court: They may have reached that point that I talked about.

Mr. Reycraft: In other words, that might be the point?

[fol. 7061] The Court: They may have reached it now. That point might have been reached in another merger.

Mr. Reycraft: In other words,——

The Court: There has to be a certain mark——

Mr. Reycraft: In other words, the point may already have been reached in Philadelphia where any further merger might have a tendency to monopoly?

The Court: Yes.

Mr. Reycraft: That's very good. I certainly think it tends in that direction.

I recall Mr. Graves testifying here and reference has been made to his testimony about some aluminum company that might have located in Philadelphia if something had been different; I am not sure what.

Mr. Graves did not give us the name of the company at that time and we did not press him for it. We have ascertained on our own, however, without violating anybody's confidence (and it is a public fact) that the Reynolds Aluminum Company located in Chester on Front Street in 1961, and I must say that we rather suspect that this might be the aluminum company that Mr. Graves was talking about, and if it is located in Chester it is hardly a loss to the Delaware Valley area.

[fol. 7062] Once again, on the Celanese case, this case was decided in June of 1950. The Celler-Kefauver Act was passed in December of 1950, and the Supreme Court said in the du Pont case in 1957 that that amendment was to

make clear that the Clayton Act applied to all corporate mergers, vertical and horizontal as well as conglomerate.

I would also like to refer to some of the statements which are quoted in the defendants' brief, made by representatives of the Department of Justice.

I know from Your Honor's questioning of Mr. Price that Your Honor understands the distinction that we make between asset and stock acquisitions. Mr. Brownell, at page 22 of the defendants' brief, is quoted as saying asset acquisitions by banks are not covered by Section 7. We don't dispute that.

Assistant Attorney General Barnes said asset acquisitions do not come within amended Section 7 as far as banks are concerned.

Now Assistant Attorney General Barnes, since he has been quoted by the defendants, also said in 1956 that to apply the same Clayton Act standards to bank asset acquisitions as are now applied to bank stock mergers is our prime aim. This is also consistent with our position.

The Court: Didn't the Congress refuse to go as far as [fol. 7063] the proponents of this merger act wanted them to go?

Mr. Reycraft: Yes, sir.

The Court: Didn't they ask them to spell it out, to set up standards?

Mr. Reycraft: The proponents of the act?

The Court: Yes.

Mr. Reycraft: Yes, sir.

The Court: In the Senate Reports they very definitely state that as far as the Comptroller is concerned, the bill sets up no standards, no specific standards.

Mr. Reycraft: They are very vague; that's right. They are very vague.

The Court: It does the same thing for F.D.I.C. and the Federal Reserve Board.

Mr. Reycraft: They are very vague. It is like the Federal Communications Commission standard in the RCA case I just quoted from. They say if it is in the public interest approve it; if it it not, don't approve it.

The Comptroller's report which Your Honor has does not spell out in any way what is in the public interest and what isn't.

The Court: Nevertheless, Congress left the judgment in him.

[fol. 7064] Mr. Reycraft: As to what he would do, but——

The Court: No.

Mr. Reycraft: Yes.

The Court: Congress gave him the authority to issue approval.

Mr. Reycraft: Approval, yes.

The Court: It restrained the Attorney General, the F.D.I.C., and the Feder Reserve Board from vetoing it.

Mr. Reycraft: No.

The Court: They certainly didn't give them permission to veto it. The Comptroller must make a report; that's all they said.

Mr. Reycraft: Under the Bank Merger Act it requires the Attorney General to make a report on the competitive factors.

The Court: It required the others also to give their thinking.

Mr. Reycraft: That is precisely right, and as I——

The Court: Just as the Comptroller was precluded from interfering in an F.D.I.C. affair or Federal Reserve Board matter, doesn't he also have to give a report?

Mr. Reycraft: The Comptroller reports to the Federal Reserve Board in a merger which is of two state banks [fol. 7065] who are members of the Federal Reserve; that's right.

The Court: Yes, but he also makes a report.

Mr. Reycraft: That's right.

The Court: But he has no power.

Mr. Reycraft: That's right. That's right.

The Court: Now why did the Congress do that?

Mr. Reycraft: I think they were probably trying to promote uniform standards of enforcement.

The Court: I see. They probably were. I think that is a laudable ambition.

Mr. Reycraft: Yes.

The Court: Why didn't they make it a board and high man win? They put it back on one man.

Mr. Reycraft: As far as the bank merger statute is concerned.

The Court: You and two others disagreed, so now you are putting the problem up to me; is that it?

Mr. Reycraft: Well, as the Congress said, S.1062 does not affect the applicability of the Sherman Act or the Clayton Act in any way, like the Federal Communications Commission and the RCA case, like the Supreme Court said all that was given was a license to go ahead in their judgment if they wished to do it, with a risk that they would run afoul of the antitrust laws on something that was a matter of business judgment.

[fol. 7066] The Comptroller has no power to decide antitrust issues, just as the Federal Communications Commission doesn't and I submit, Your Honor, that that RCA case is very directly in point on this same issue.

It arose in this District, in this Court. I know that Your Honor is familiar with it and I think it is directly in point here.

I believe the reference that Your Honor made to the Pennsylvania Railroad case versus the ICC, although I haven't checked it, may involve Section 10 of the Clayton Act, which is a criminal statute involving failure to get—

The Court: I think probably it is. I think it is.

Mr. Reycraft: The statement was also made by Mr. Price that the Federal Reserve Board—

The Court: Although the annotation is under 18, which is the section we were talking about.

Mr. Reycraft: Yes, but,—

The Court: It is annotated under that. I just happened to see it this morning. That is why I asked the question.

Mr. Reycraft: I would think that the standards of a criminal statute would not be applicable to a civil case such [fol. 7067] as this.

Mr. Price mentioned that it would seem inconsistent that Congress would ask the Federal Reserve Board to apply two different standards, that is, to apply one under the Bank Merger Act and another one under the Clayton Act, which it also has concurrent jurisdiction with the Attorney General to enforce.

I point out that at the present time the Federal Reserve Board administers the Bank Holding Company Act and its standards under the Bank Holding Company Act. There are five banking factors which are very similar to the ones

that are spelled out for the regulatory agencies under the Bank Merger Act, and there is another where the acquisition would tend to increase the size of the bank holding company unduly or beyond what is necessary for the public interests.

So the Federal Reserve Board has to apply that standard in the Bank Holding Company Act matter, which involves the competitive standards; and they also have the duty to enforce the Clayton Act under Section 7, so they do now have exactly this problem of applying two different standards in bank stock acquisitions.

[fol. 7068] So it may not seem to some of us to be the best statutory scheme that could be devised, but it is the situation that they are in, and I submit that that type of argument does not mean that there isn't the same concurrent jurisdiction at the moment.

Mr. Price has also referred to what he calls a rash of suits since the Bank Merger Act. Well, I think it probably is in the F.D.I.C. report that is in the record that there have been over 250 bank mergers since this Bank Merger Act was passed, and there have been four suits instituted by the Attorney General involving mergers under the Act, one in Lexington, one here, one in New York, involving the Manufacturers and Hanover, and one in Chicago involving the Continental-Illinois and City Bank, so I respectfully submit that this hardly is a rash of suits, in view of the number of mergers which have taken place.

I have nothing further, Your Honor. I appreciate your patience.

The Court: All right. Now we will take it under advisement.

Mr. Littleton: If Your Honor please, this looks ominous (indicating), but I hope it is helpful. This is an index of all the testimony by witness, by volume, by subject (handing to the Court).

[fol. 7069] The Court: Thank you for all the help I can get.

May I say, gentlemen, now that the suit is concluded and I must take it under advisement and decide it, that I appreciate the thoroughness of the work on both sides. It has been a splendid presentation of two divergent viewpoints, presented, as I view it, with complete intellectual

integrity. It has been a pleasure to receive a case on that basis.

Mr. Price: Thank you.

Mr. Littleton: Thank you.

Mr. Reycraft: Thank you very much.

Reporter's Certificate to foregoing transcript omitted in printing.

[fols. 7070-7071] [File endorsement omitted]

In the United States District Court for the Eastern District of Pennsylvania

Civil Action No. 29287

United States of America, Plaintiff,

v.

The Philadelphia National Bank and Girard Trust Corn Exchange Bank, Defendants.

* * * * * * * * * *

[fol. 7072] Opinion—January 15, 1962

Clary, Ch. J.

This is a civil action instituted under Section 4 of the Act of Congress of July 2, 1890, as amended, 15 U.S.C. Section 4, (commonly known and hereinafter referred to as the "Sherman Antitrust Act"), and Section 15 of the Act of Congress of October 15, 1914, as amended, 15 U.S.C. Section 25, (commonly referred to and hereinafter designated as the "Clayton Antitrust Act"), in which the United States (hereinafter referred to as "government" or "plaintiff") seeks an injunction to restrain the defendants, The Philadelphia National Bank (hereinafter referred to as "PNB") and Girard Trust Corn Exchange Bank (hereinafter referred to as "Girard"), from carry-

ing out an agreement of consolidation. This agreement of consolidation was drawn up after the passage of Public Law 86-463, (commonly referred to as "The Bank Merger Act of 1960"), amending 74 Stat. 129, approved May 13, 1960, found at 12 U.S.C. Section 1828(c), and is subject to the provisions thereof. Plaintiff herein alleges that the proposed consolidation violates Section 1 of the Sherman Antitrust Act, as amended, 15 U.S.C. Section 1, and Section 7 of the Clayton Antitrust Act, as further amended by the Act of Congress of December 29, 1950, 15 U.S.C. Section 18, (commonly known as "The Celler-Kefauver Anti-Merger Act").

[fol. 7073] The proposed merger sought to be enjoined was approved by the Directors of the banks involved on November 15, 1960, and by the Comptroller of the Currency on February 24, 1961. This action was instituted on February 25, 1961.

Generally, the complaint alleges that commercial banking and several of its integral parts comprise interstate commerce; that commercial banking with its integral parts fills an essential and unique role in the nation's economy with a combination of services unduplicated by other financial institutions; that existing and potential competition in commercial banking in the Philadelphia area would be substantially and unreasonably lessened; that the merger would substantially and unreasonably increase concentration in banking in the Philadelphia area and that existing and potential competition in the commerce and industry served by commercial banks in the Philadelphia area would be substantially and unreasonably lessened. Parenthetically it may be noted at the outset that the last of these averments has not been seriously presented by the plaintiff and, for all practical purposes, has been abandoned.

The net effect of the above, the plaintiff contends, is a violation of both Section 1 of the Sherman Act and Section 7 of the Clayton Act. The plaintiff contends further that competition in commercial banking is absolutely vital and necessary to the preservation of the financial structure [fol. 7074] and security of the nation; that undue concentration of banking powers would have the effect of increasing costs and interest rates both to depositors and bor-

rowers; would result in a decrease in the credit facilities available to the general public and, in effect, would destroy the very foundation of the banking system of the United States which, according to the Government's witnesses, rests entirely upon a number of independently-owned banks serving the community, which system they felt strengthened competition, and a merger such as this would tend to destroy it.

Initially, it would help to review, in extremely brief outline, what Congress has done in this field. The Sherman Act, supra, enacted in 1890, was designed to prevent combinations in restraint of trade or commerce among the several states or with foreign nations. That this was an exposition of the common law doctrine is revealed by the decision in *United States v. American Tobacco Company*, 221 U. S. 106 (1911) at pages 179-180 where the Supreme Court of the United States declared:

> "Applying the rule of reason to the construction of the statute, it was held in the Standard Oil Case that, as the words 'restraint of trade' at common law and in the law of this country at the time of the adoption of the anti-trust act only embraced acts or contracts or agreements or combinations which operated to the prejudice of the public interests by unduly restricting competition, or unduly obstructing the due course of trade, or which, either because of their inherent nature or effect, or because of the evident purpose of the acts, etc., injuriously restrained trade, that the words as used in the statute were designed to have [fol. 7075] and did have but a like significance . . . the words 'restraint of trade' should be given a meaning which would not destroy the individual right to contract, and render difficult, if not impossible, any movement of trade in the channels of interstate commerce,—the free movement of which it was the purpose of the statute to protect."

Citing Standard Oil Co. v. U.S. 221 U. S. 1 (1911).

It will therefore be seen that the Supreme Court judged the key factor and purpose of the Sherman Antitrust law to be the perpetuation of and protection of free competition. An examination of both the Clayton Act and the

Federal Trade Commission Act, both passed in the year 1914, and the case law decided thereunder, again stresses the principle of law that competition should be encouraged as a national policy, and it is the destruction of this free competition which is proscribed.

The Miller-Tydings Amendment to the Clayton Act and the Robinson-Patman Amendment were both designed to insure free and fair competition. The Celler-Kefauver Amendment of 1950 was designed to prevent asset acquisitions thereby plugging a loophole in the Clayton Act which previously prevented stock acquisition only, and did not cover the area in which asset acquisitions might tend to destroy competition. The legislative history of this latter Act clearly indicates the intent of the Congress to preserve competition as defined by the Supreme Court.

Since competition and the preservation of competition [fol. 7076] permeates each of the aforementioned Acts and is the common bond between each of them, it would appear that 71 years after the passage of the first Antitrust law, the Court should have (but does not) a clear legal definition of competition as used in each of the Acts. Congress has given the Court at least one idea of what it means in the use of the word when it refers to "vigorous" competition. What then is the real definition of competition and what are the standards of competition required by these Acts? The Webster definition reads as follows:

> "Com. & Econ. The effort of two or more parties, acting independently, to secure the custom of a third party by the offer of the most favorable terms; also, the relations between different buyers or different sellers which result from this effort."

In *United States* v. *Aluminum Company of America*, 91 Fed. Supp. 333, at 355 (S.D. N.Y. 1950), Chief Judge Knox defined competition as follows:

> "Commercial competition, theoretically, is the independent endeavor of two or more persons or organizations within the realm of a chosen market place, to obtain the business patronage of others by means of various appeals, including the offer of more attractive terms or superior merchandise."

It seems to the Court that the Congress, by the use of the word "competition", intended to preserve free and open markets wherein the rivalry of the commercial firms, in the same line of endeavor, for the patronage of the common customer, would be demonstrated by a business at- [fol. 7077] mosphere where free purchasers and free sellers, under no obligation to buy, and under no obligation to sell, would enter into contracts of purchase and sales (or service contracts) because of the actual inducements offered, such as quality of product, terms, delivery, and the many other factors which make for good business relations, having in mind the peculiar situations, facts and circumstances which govern the particular transactions between individuals or organizations.

It is also apparent that in any antitrust action, including the instant one, a Judge called upon to decide the case must, of necessity, take the facts that are presented to him and determine on those peculiar facts whether the particular circumstances involved will, or will not, destroy the free competition which the Congress intended to preserve, and with particular scrutiny of the industry or part thereof charged with violations.

The Government here has brought an action—the first of its kind—to prevent the merger of two strong Philadelphia banks, and on the ground that this merger will (1) violate the Sherman Act by restraining trade, and (2) violate the Clayton Act by lessening and/or destroying competition and tending toward a monopoly. The Court believes that the Government's general theory of the case should be set out in brief, broad outline before coming to the specifics.

The Government's case was predicated upon the premise [fol. 7078] that the banks involved were legally restricted to having offices in geographic limits. Starting with that assumption, the Government introduced a wealth of statistical data, the accuracy of which has not been questioned, which would show that a very large percentage of the deposits and loans originated in the restricted geographical area. Based strictly upon this premise, and applying the principles heretofore enunciated in industrial cases, the Government argues that these percentages are all persuasive, show a high degree of concentration of

the market involved, and that it is therefore the duty of the Court to prevent this clear, apparent restraint of trade, destruction of, or restriction of competition, and tendency to monopoly by prohibiting the merger.

The Court accepts the statistics introduced as showing exactly what they demonstrate on the figures used, but, as will be pointed out later when discussing the specifics, refuses to accept the conclusions which the Government asks the Court to draw.

In support of its contention that this merger is illegal, the Government attempted to show by the testimony of two university professors that the merger would have a profound adverse effect upon the banking system of this area, actually restrict credit, and permit price fixing for banking services. This attempt was far from successful. [fol. 7079] The professors had individual theories of the effect of the merger on the monetary system of the United States and of this area, which were completely destroyed on cross-examination, particularly as relating to the Philadelphia situation. The Government also attempted to establish, by opinion testimony of small town bankers, that the contemplated merger would adversely affect not only the banking situation in Philadelphia, but generally throughout the country, including their own small towns. Their testimony was practically a rehash of the testimony they gave before both the House and Senate Committees considering the Bank Merger Act of 1960. There they strongly urged the Congress of the United States to forbid further bank mergers and to maintain the status quo of the banking system of the United States. They attempted to have Congress limit prospective mergers to the very narrow situations where economic necessity would make a merger absolutely imperative. For example, they conceded that where a bank was on the verge of insolvency, a merger should be permitted with a strong solvent bank for the protection of depositors and the general public. They also agreed that where ineffectual management was demonstrated, again it would be in the public interest to merge the bank with a strong progressive bank, again for protection of depositors and the public. With these two and other minor exceptions, not necessary to outline [fol. 7080] here, they fought vigorously to have the Con-

gress absolutely forbid all other mergers. This the Congress refused to do, and, in the opinion of this Court, properly so.

Commercial banking, despite the attempt of the Government in this case to have the Court consider it an ordinary line of commercial endeavor, comparable to the ordinary industrial organizations, is a specialized branch of what the Court chooses to term the financial industry. It is completely regulated. It may not, as an industrial plant might, establish a branch of operations where it pleases. By virtue of both state and federal authority, it must keep its assets liquid, as will be hereinafter discussed. It may charge for its principal services (lending of money) a maximum prescribed by law. It may not pay interest on demand deposits and is limited by law to the amounts which it may pay for savings or time deposits. It may not go out and buy raw materials and manufacture products and attempt to extend its market. Its stock in trade is money and the only way that it can generate its stock in trade—money—is to create demand deposits which it may lend to individuals, corporations or organizations. It is the commercial bank, even though strictly regulated, which comprises the backbone of the monetary system of the United States. To place it in and consider it as part of the commercial and industrial field, as contrasted with the financial, would be to ignore the realities of the situation.

[fol. 7081] Both the Government and the defendants have, in support of their respective contentions, cited the only antitrust case law available and all such cases were decided under the Sherman and subsequent Acts. All involve only commercial and industrial organizations. While the Court recognizes the validity of the broad principles of law therein enunciated, it certainly does not follow that those principles should be applied with the same force and effect to a regulated industry as to one in the so-called "free enterprise" field. The Congress of the United States has, in fact, in the industrial and commercial field, usually exempted regulated industries from the application of the antitrust law and in the public interest.

It is significant to note that in the Bank Merger Act, the Congress of the United States has included as one

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of the controlling elements, and an important one, for consideration in the determination of Governmental approval of bank mergers, that same public interest. This Court does not believe, as the Government would have it, that this was a mere passing reference without practical significance and actually completely irrelevant to a decision of this case, but, on the contrary, feels that the inclusion of this public interest concept is an important element in the Congressional approach to monetary regulation.

The only question involved in this case is—Will this proposed merger of two Philadelphia banks, in the City [fol. 7082] and County of Philadelphia, Commonwealth of Pennsylvania, substantially lessen competition, tend toward monopoly, and/or restrain trade and commerce, in violation of the Clayton and Sherman Acts?

Coming now to the specifics of this case and expanding upon the allegations of the complaint, it avers, inter alia, that commercial banks fill an essential and unique role in the nation's economy with a combination of services unduplicated by other financial institutions; that commercial banking in Philadelphia and the surrounding metropolitan area is heavily concentrated in a few banks; that PNB and Girard compete with each other, and with other banks in the Philadelphia area, in the performance of commercial banking functions; that as of June 30, 1960, PNB accounted for approximately 22% and Girard for approximately 15% of the total deposits in Philadelphia commercial banks; and, that as a result of the proposed merger PNB would become the largest commercial bank in the Philadelphia area and would be approximately 50% larger than its closest competitor.

Further, it is charged that defendants have been engaged in an unlawful combination in unreasonable restraint of trade and commerce in commercial banking in violation of Section 1 of the Sherman Act, and that the effect of the merger may be substantially to lessen competition, or tend to create a monopoly in violation of Section 7 of the Clayton Act.

PNB is a banking association, engaged in interstate [fol. 7083] commerce, organized under the laws of the United States, having its principal place of business at

Philadelphia, Pennsylvania. Girard is a banking association, engaged in interstate commerce, organized under the laws of the Commonwealth of Pennsylvania, having its principal place of business at Philadelphia, Pennsylvania.

On November 15, 1960 the Boards of Directors of PNB and Girard approved a proposed merger of the two banks. On the same day, an application for approval of the merger was filed with the Comptroller of the Currency in accordance with the provisions of the 1960 amendment to the Federal Deposit Insurance Corporation Act, 12 U.S.C. Section 1828(c), commonly known as the Bank Merger Act.

On December 20, 1960, the two Boards approved a written agreement of consolidation to be effected in accordance with the provisions of the national banking statutes, 12 U.S.C. Section 215. On February 24, 1961 the Comptroller of the Currency approved the proposed merger. He did so despite the fact that in the reports submitted to the Comptroller by the Federal Reserve Board, the Federal Deposit Insurance Corporation and the Attorney General, as was required by the Bank Merger Act, both the Attorney General and the Federal Reserve Board concluded that the merger would result in a substantial lessening of competition and a tendency toward monopoly, and the Federal [fol. 7084] Deposit Insurance Corporation concluded that the merger would be adverse as to Philadelphia and the immediate suburbs, but not adverse in the regional, national, and international fields of competition.

The next day the Department of Justice filed the complaint in this action. On May 9, 1961, meetings of the shareholders of the two banks were held and the agreement of consolidation was approved. The trial of this case began on June 5, 1961, without a jury, and was concluded on August 3, 1961.

PNB was chartered on October 20, 1864 under an Act of Congress of June 3, 1864. In 1926 it merged with Girard National Bank, and in 1928 it merged with Franklin-Fourth Street National Bank. Until 1951 PNB engaged in what has been termed a "wholesale" banking business, at which time it was decided to enter the "retail" banking and trust fields. Since 1951 PNB has acquired

9 additional banks. As of March 10, 1961, PNB conducted a general commercial banking business through 27 offices, 10 of which are located in Philadelphia County, 5 in Delaware County, 5 in Bucks County, and 7 in Montgomery County. As of June 30, 1960, PNB had total assets of $1,064,335,000, total deposits of $924,495,000, and total loans of $523,612,316 of which approximately 57% in dollar amount were in commercial and industrial loans.

Girard was chartered as a state bank on March 17, 1836 by the Pennsylvania legislature. It was primarily engaged [fol. 7085] in the trust business and accompanying banking services until 1940 at which time efforts were begun to develop commercial business and consumer credit loans. Until 1950 Girard had only one office. In the past 10 years it has engaged in 6 mergers. Girard now conducts a general commercial banking business through 39 offices, of which 21 are located in Philadelphia, 12 in Delaware County, and 6 in Montgomery County. As of June 30, 1960 Girard had total net assets of $740,920,000, total net deposits of $650,790,000 and total net loans of $399,362,000, of which approximately 49% in dollar amount were in the commercial and industrial category.

With this brief introduction it now becomes necessary, before discussing in detail the factual questions presented and the law applicable thereto, to decide two purely legal questions which have been raised, one relating to the Bank Merger Act, the other to the applicability of the Clayton Act to this action.

Bank Merger Act of 1960

The defendants contend that the approval of the merger by the Comptroller of the Currency is the final and exclusive determination of its legality and that the Bank Merger Act of 1960 precludes a review of the proposed merger under the antitrust laws. 12 U.S.C. Section 1828(c) reads in relevant part:

> [fol. 7086] "No insured bank shall merge or consolidate with any other insured bank or, either directly or indirectly, acquire the assets of, or assume liability to pay any deposits made in, any other insured bank without the prior written consent (i) of the Comp-

> troller of the Currency if the acquiring, assuming, or resulting bank is to be a national bank or a District bank, . . . In granting or withholding consent under this subsection, the Comptroller, . . . shall consider the financial history and condition of each of the banks involved, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served, and whether or not its corporate powers are consistent with the purposes of this chapter. In the case of a merger, consolidation, acquisition of assets, or assumption of liabilities, the appropriate agency shall also take into consideration the effect of the transaction on competition (including any tendency toward monopoly), and shall not approve the transaction unless, after considering all of such factors, it finds the transaction to be in the public interest."

Defendants claim that the above statute makes it clear that it was the intent of Congress that the Comptroller test the validity of bank mergers by a *public interest* standard which is broader than and essentially different from an exclusively antitrust standard. Since Congress decided to apply antitrust policies to such mergers only to the limited and subordinate extent of being a single factor for consideration, it is argued, it must follow that the practical implementation of this congressional decision necessarily precludes an antitrust action to prevent a merger which has been approved by the executive agency charged with applying the public interest standard in determining whether approval should be given.

[fol. 7087] In support of this argument, it is submitted that the legislative history of the Bank Merger Act (hereinafter referred to as the "Act"), emphasizes the fact that the competitive factors are not to be controlling in the public interest determination to be made by the Comptroller. For example, at page 24 of the *Senate Report*, *Senate Report No. 196*, 86th Cong., 1st Sess. on S. 1062 (1959), the following statement appears:

> "Under S. 1062 the competitive factors involved in the merger are only one element of several to be con-

sidered in passing on the application. The committee wants to make crystal clear its intention that the various banking factors in any particular case may be held to outweigh the competitive factors, and that the competitive factors, however favorable or unfavorable, are not, in and of themselves, controlling on the decision."

And, in the House Report at pages 9 and 10, *House Report No. 1416,* 86th Cong. 2d Sess., (1960), this statement appears:

> "Because banking is a licensed and strictly supervised industry that offers problems acutely different from other types of business, the bill vests the ultimate authority to pass on mergers in the Federal bank supervisory agencies, which have a thorough knowledge of the banks, their personnel, and their types of business."

It is true that one can find statements in the legislative history of the Act which, when read alone, indicate that Congress intended to preclude the application of the antitrust laws to bank mergers. It is most difficult, however, to accept defendants' contention when faced with unequivocal statements to the contrary in the reports of both the [fol. 7088] Senate and the House. This statement appears at page 9 of the House Report:

> "S. 1062 would not in any way effect the applicability of the Sherman Act or the Clayton Act to bank mergers."

And, at page 3 of the Senate Report:

> "S. 1062 would not affect in any way the applicability of the Sherman Act to bank mergers and consolidations."

These statements cannot possibly be reconciled with defendants' interpretation of the legislative intent of Congress.

In support of their position, the defendants place a great deal of weight on the *public interest,* as opposed to the antitrust, standard written into the Act. Why, they

ask, would Congress arm the Comptroller with such a comprehensive standard if it intended that the Department of Justice could supersede his determination by a mere showing of anticompetitive effects? This argument of the defendants, while persuasive, does not convince the Court that it should enunciate the rule of law requested that public interest is the controlling factor in any particular merger. There is no doubt that the public interest factor, while not controlling, does, in this type of antitrust litigation, play more than a casual or secondary role, particularly where it involves a highly regulated field. The Court cannot conclude that merely because a public interest standard was written in the statute as one of the factors to be [fol. 7089] considered, that a Court is rendered incompetent to review the action of the individual or department charged with the administration of the Act. Had Congress so intended, it certainly would have been specifically set out and in plain terms in the language of the statute. The Court does not find that intendment here.

Defendants also press the argument on another ground as well. They say that Congress intended to exclude the antitrust laws because the Act contains no provision such as is found in Section 11 of the Bank Holding Company Act of 1956, 12 U.S.C. Section 1841 et seq., which explicitly preserves the application of the antitrust laws to the subject matter of the statute. It is pointed out that Congressman Celler proposed specific language for such an amendment in the House hearings on the bill, but nevertheless it was not included in the amendment by the House or Senate 1062 as previously passed by the Senate. The following statement, however, clearly indicates that Congressman Celler did not consider that the antitrust laws would be excluded by the failure to insert such a provision:

> "While such a provision would not add to the bill from a substantive standpoint, it would avoid needless controversy and possible litigation involving the contention that the strictures of the Sherman and Clayton Acts had been nullified by the provisions of the pending bill." Hearings before the Subcommittee No. 2 [fol. 7090] of the Committee on Banking and Currency, H.R., 86th Cong., 2d Sess. on S. 1062 (1960), pages 131 and 132.

Moreover, the Court finds the antithetical argument proffered by the plaintiff equally, if not more persuasive, than that of the defendants. The Government argues that a creation of an exemption from the antitrust laws requires clear and explicit language in the exempting statute such as is found in Section 5(11) of the Interstate Commerce Act, 49 U.S.C. Section 5(11)

In light of this difference of opinion, the Court is constrained to return to the statements made in both the Senate and House reports concerning the applicability of the Clayton and Sherman Acts. It is the opinion of this Court that defendants have failed in their attempt to nullify the plain meaning of these words. They are much too explicit to be ignored or explained away.

Applicability of Section 7 of Clayton Act

The Celler-Kefauver Anti-Merger Act, 15 U.S.C. Section 18, reads in relevant part:

> "No corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no corporation subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of another corporation engaged also in commerce, where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly."

[fol. 7091] The Celler-Kefauver amendment was enacted in 1950 as the original Section 7 proved ineffective in preventing mergers, primarily because of the failure of the statute to include asset as well as stock acquisitions. Because banks are exempted from the jurisdiction of the Federal Trade Commission, under the provisions of the Federal Trade Commission Act, 15 U.S.C. Section 45(a), the Celler-Kefauver amendment can only apply if the bank merger is consummated through a stock acquisition. Therefore, if the Clayton Act is to apply at all to the merger presently under consideration, the plaintiff must

show that the proposed consolidation of the defendants involves a stock acquisition.

Before considering the argument advanced by the plaintiff with respect to this question, it is necessary, so that the transaction can be placed in the proper perspective, to set forth certain pertinent provisions of the agreement of consolidation entered into by the defendant banks:

Section 1

"Girard and Philadelphia National (the 'Consolidating Banks') shall be consolidated pursuant to the provisions of the aforesaid statute,[1] under the charter of the Philadelphia National Bank, which shall continue after the effective date of the consolidation as defined below."

[fol. 7092] Section 5

"The corporate existence of Girard shall be merged into and continued in Philadelphia National, which shall continue in existence as the Association, and the Association shall be deemed to be the same corporation as each of the Consolidating Banks. All rights, franchises, and interests of each bank in, and to every type of property and choses in action, including those held by it as fiduciary, as they exist at the Effective Date shall be vested in the Association without any conveyance or transfer; and the Association shall be responsible for all of the liabilities of every kind and description, including liabilities arising out of the operation of the Trust Department, of each bank existing as of the Effective Date."

"Girard shall contribute to the Association acceptable assets having a book value, over and above its liability to its creditors, of at least $74,059,392 . . ."

"At the Effective Date Philadelphia National shall have on hand acceptable assets having a book value, over and above its liability to its creditors, of at least $93,306,684 . . ."

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[1] 12 U.S.C. Section 215.

Section 6

"Upon the statutory consolidation becoming effective: . . . (i) each holder of an outstanding certificate representing shares of Philadelphia National stock shall retain his certificate, which shall automatically remain a certificate representing shares of stock in the Association, . . . and (ii) each holder of an outstanding certificate representing shares of Girard stock shall surrender the same to the Association promptly after the Effective Date and receive in exchange therefor certificates representing the full number of whole shares of stock in the Association to which such shares of stock in Girard shall have been converted, . . ."

The plaintiff contends that under the provisions of Section 6 of the agreement, PNB shall acquire shares of Gir- [fol. 7093] ard stock which shall be converted into shares of stock in the Association. It is argued that as a result of the merger, the Girard shareholders would give up certain rights (e.g., the right to have a voice in its management, the right to share in its profits, and the right to receive and divide its total capital less debt upon liquidation) to PNB and receive in exchange an equitable ownership in the very different property of PNB. From this it is concluded that the merger would be accomplished by a stock acquisition on the part of PNB in violation of the Geller-Kefauver amendment to Section 7 of the Clayton Act. The Court cannot agree with the plaintiff's conclusion that the transaction here involved is a stock acquisition falling within the scope of the statute.

Plaintiff has misinterpreted the terms of the agreement. Under the provisions of Section 5, the corporate existence of Girard is being merged with that of PNB to form an Association, each bank contributing all its assets. It is true that the Association being created will continue under the national bank charter already held by PNB. However, this in no way alters the fact that the corporate character of PNB, as it is today, will cease to exist. PNB might be designated the "surviving bank" but it nevertheless survives as a vastly different entity. PNB is acquiring nothing. Rather, the two banks are creating a national banking association by the consolidation of their assets. Sec-

[fol. 7094] tion 6 merely outlines the procedures to be followed with respect to the shareholder's evidence of ownership in the Association once the consolidation becomes a reality. The Association itself is exchanging the certificates representing shares of Girard stock for certificates representing shares of stock in the Association. The entire transaction is patterned in conformity with the applicable federal statute relating to bank consolidations and mergers of assets. The fact that certificates representing shares of stock are exchanged for new ones is merely incidental to the transaction, and in no way affects or alters its character.

As defendants point up in their brief, the proposed merger differs from a stock acquisition in several ways under the provisions of the applicable federal statute. 12 U.S.C. Section 215, which must be adhered to in carrying out the consolidation, provides that it may be effected upon the affirmative vote of at least two-thirds of the capital stock outstanding. In a stock acquisition, there would be no power in Girard, or any group of shareholders, to compel any shareholder to sell his stock. Subsections (b), (c) and (d) of Section 215 provide for the right of a dissenting shareholder to receive the appraised value of his shares in cash; he would not have any comparable right in an acquisition of stock. Subsection (e) of the same statute provides that all of the assets of the indi- [fol. 7095] vidual banks "shall be transferred to and vested in the consolidated national banking association by virtue of such consolidation without any deed or other transfer," which again differs from the procedure with respect to an acquisition of stock.

Moreover, the House Committee on Banking and Currency, when reporting on the Bank Merger Act of 1960, recognized the very problem with which we are confronted here:

> "Section 7 of the Clayton Act prohibits acquisitions of bank stock 'where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly.' Because Section 7 is limited, insofar as banks are concerned, to cases where a merger is accomplished through acquisition of stock,

and because bank mergers are accomplished by asset acquisitions rather than stock acquisitions, the act offers 'little help' in the words of Hon. Robert A. Bicks, acting head of the Antitrust Division, in controlling bank mergers." House Report No. 1416, 86th Cong., 2d Sess., (1960), p. 9.

This Court is of the opinion that the Celler-Kefauver Anti-Merger Act of 1950 does not apply to a bank merger of this nature. Any extension of the statute is a function peculiar to the Congress of the United States.

However, it should be noted here that because it is essential to the parties that a final determination of this matter be reached in as short a period of time as is possible, this Court will proceed on the assumption that the Clayton [fol. 7096] Act is applicable in all respects.

Commercial Banking

Before discussing the questions involved with respect to the Clayton and Sherman Acts, it is necessary to point up the principal characteristics and functions of a commercial bank.

A "commercial bank," as distinguished from other bank and non-bank financial institutions, is an institution authorized to receive both demand and time deposits, to make loans of various types, to engage in trust services and other fiduciary functions, to issue letters of credit, to accept and pay drafts, to rent safety deposit boxes, and to engage in many similar activities. Commercial banks are the only institutions authorized to receive demand deposits. "Demand deposits" are funds accepted by a bank which are subject to immediate withdrawal. They represent the largest element in the money supply of the United States. No interest is paid on demand deposits, as is the case with time and savings deposits.

Commercial banks offer a wider variety of services than any other financial institution. They have been termed the "department stores of finance." Some of their major functions include the receiving of demand deposits, the lending of funds to individuals, partnerships and corpora- [fol. 7097] tions, the receiving and administering of time

and savings deposits; and the performance of personal trust services.

Because commercial banks are the principal reservoir of other people's money, they are regulated to a relatively high degree. Aside from state banking authorities, they may be subject to the jurisdiction of the Federal Reserve Board, the Federal Deposit Insurance Corporation and the Comptroller of the Currency. This governmental regulation necessarily limits to an extreme degree the scope and character of competition among commercial banks.

Demand deposits held by commercial banks account for approximately 80% of the money supply of the United States. For the commercial banking system as a whole, two-thirds of total deposits are demand in nature. In June of 1960, more than 83% of the total deposits of PNB and Girard combined were in the form of demand deposits.

In addition to demand deposits, the area of commercial and industrial loans is one in which great emphasis is placed. Because of this concentration in demand deposits on the part of commercial banks, these commercial and industrial loans are necessarily short term in nature. As has been pointed out previously, PNB, as of June 30, 1960, had approximately 57% in dollar amount of its total loans in the commercial and industrial area, and Girard had ap- [fol. 7098] proximately 49% in dollar amount of its loans in this same category.

Small and medium size borrowers rely to a great extent on commercial banks to meet their financial needs. In fact, a substantial proportion of loans made in the United States are made to smaller size businesses. In 1955, for example, out of a total of 1,103,000 loans made by member banks of the Federal Reserve, 918,000 were made to businesses with total assets under $250,000. It was testified at the trial of this case that a Philadelphia businessman would find it very difficult to procure an unsecured, short-term loan from any source other than a commercial bank.

Commercial banks are restricted in the nature, amount, volume and purpose of loans they are permitted to make. All national banks and banks chartered in Pennsylvania and most other states are, in general, not permitted to have outstanding loans to any one customer in an amount in excess of 10% of their capital and surplus. This is

what is known as the "lending limit." In addition, those commercial banks which are members of the Federal Reserve must maintain on deposit with the Federal Reserve Bank, or in currency in their own bank, reserves equal to 16.5% of their total demand deposits, if they are located in certain areas (including Philadelphia), and 12% if they are so-called country banks. The principal factors in competition among commercial banks are convenience, quality [fol. 7099] of service, personal relationships, and the capacity to meet the requirements of the customer. The foregoing remarks are not intended to present a comprehensive analysis of commercial banking but all bear on the problem of whether or not the proposed merger violates the statutes.

The initial problem in litigation of this nature, in either a Sherman Act or Clayton Act case, involves a determination of the relevant market within which the defendants compete. *United States* v. *duPont & Co.*, 353 U. S. 586 (1957); *United States* v. *Columbia Steel Co.*, 334 U. S. 495 (1948). To find this area of effective competition, the plaintiff must establish a product market (line of commerce) and a geographic market (section of the country).

The Product Market

The plaintiff contends that the appropriate lines of commerce in which to gauge the effects of this proposed merger under Section 7 of the Clayton Act are the following: Commercial banking, commercial and industrial loans, installment lending to individuals, single payment loans to individuals, real estate loans, personal trusts, time deposits of partnerships and corporations, time and savings deposits, demand deposits, and IPC (Individual, Partnership and Corporation) demand deposits.

[fol. 7100] At the outset, the Court is confronted with the problem of deciding which test to apply in determining the appropriate line or lines of commerce. The plaintiff contends that the relevant legal standard for delineating the lines of commerce in which a merger may substantially lessen competition or tend to create a monopoly is whether the products (services) "have sufficient peculiar characteristics and uses to constitute them products sufficiently distinct from all others . . ." This was the test applied in

United States v. *E. I. duPont deNemours*, 353 U. S. 586, pp. 593-4 (1957). The plaintiff argues that the record in this case shows that the general services, as well as certain specialized services, of commercial banks are either not supplied at all or at best supplied only peripherally and imperfectly by other sources.

The defendants suggest another test. They claim that the proper legal standard to be applied in defining the product market is to determine whether the products are "reasonably interchangeable for the purposes for which (they) are produced—price, use and qualities considered." The Supreme Court utilized this test in the so-called *Cellophane* case. *United States* v. *E. I. duPont deNemours*, 351 U. S. 377, 404 (1956). Defendants contend that commercial banking in its entirety is not a product line. Rather, they submit it is a business which has two major [fol. 7101] subdivisions—the acceptance of deposits in which the bank is the debtor, and the making of loans in which the bank is the creditor. Both of these major divisions are further divided by distinct types of deposits and loans. As to many of these functions, there are different types of customers, different market areas, and, most importantly, different types of competitors and competition. With the possible exception of demand deposits, there is an identical or effective substitute for each one of the services which a commercial bank offers. From this the Court is to conclude that because the services offered by other financial institutions are reasonably interchangeable with those offered by commercial banks, the separate lines of commerce suggested by the plaintiff cannot be limited merely to commercial banks, but must include in each and every case the services of other financial institutions as well.

Despite the fact that the rule suggested by the plaintiff was enunciated in litigation involving the Clayton Act, while the other was formulated in a Sherman Act case, and recognizing that the parties here imply that the standards are not consistent, it is nevertheless the opinion of this Court that they are nothing more than expressions of the same rule in different language. As judge Herlands stated in *United States* v. *Columbia Pictures Corp.*, 189 [fol. 7102] F. Supp. 153, pp. 183-4 (S.D.N.Y. 1960):

"To determine whether or not there is a reasonable probability of a substantial lessening of competition, Section 7 of the Clayton Act demands an examination into economic realities. All competition must be considered, including competition faced by the product in question from other products.

"The tests enunciated by the authorities are consistent. Effectively, the test 'reasonable interchangeability for the purposes for which (the products) are produced—price, use and qualities considered', and the test 'sufficient peculiar characteristics and uses to constitute them products sufficiently distinct . . . to make them a line of commerce within the meaning of the Clayton Act' are but different verbalizations of the same criterion.

"They require the same accumulation and scrutiny of facts and application of judgment. The task is to find the area of effective competition. The 'characteristics and uses' formulation does not limit the court's inquiry to physical attributes and foreclose inquiry into the competitive situation."

For example, applying this reasoning to the instant case, if a commercial bank has sufficient peculiar characteristics and uses to constitute it sufficiently distinct from all other financial institutions, then a commercial bank cannot reasonably be interchanged with other financial institutions by the individual or business firm. Conversely, if a commercial bank can reasonably be interchanged, then its characteristics and uses must not have those sufficient peculiar characteristics and uses necessary to constitute it sufficiently distinct from other financial institutions.

In attempting to justify its choice of "lines," the plain- [fol. 7103] tiff has endeavored to describe the uniqueness of each one. The defendants have challenged this approach by showing that many other institutions offer very similar services. Thus, plaintiff asserts that only a commercial bank makes unsecured, short-term commercial and industrial loans, while the defendants argue that insurance companies, factors and finance companies make commercial and industrial loans.

Defendants attack the suggested line "installment loans to individuals" on the ground that mutual savings banks, savings and loan associations, credit unions, finance companies, as well as other institutions, all engage in installment lending. Therefore, they argue, it is impossible to gauge the effect that the merger would have without knowing not only the percentage figures for PNB and Girard but also the percentage figures for all these other institutions. This reasoning is used in denouncing almost all of the suggested lines.

It is argued that insurance companies are in direct competition with commercial banks in the making of single payment loans to individuals. And, PNB and Girard contend that several other institutions make real estate loans; that individuals are in direct competition with commercial banks in the personal trust field; that time deposits of partnerships and corporations face competition from many [fol. 7104] alternatives, including United States Government obligations, commercial paper, tax-free securities, and banker's acceptances; that savings deposits are not an appropriate line because many other institutions receive savings funds.

Finally, plaintiff claims that demand deposits and IPC demand deposits are a separate product line because only commercial banks are authorized to receive them.

It seems quite apparent that both plaintiff's and defendants' positions have some merit. However, it is not the intention of this Court to subdivide a commercial bank into certain selected services and functions. An approach such as this, carried to the logical extreme, would result in many additional so-called lines of commerce. It is the conglomeration of all the various services and functions that sets the commercial bank off from other financial institutions. Each item is an integral part of the whole, almost every one of which is dependent upon and would not exist but for the other. The Court can perceive no useful purpose here in going any further than designating commercial banking a separate and distinct line of commerce within the meaning of the statute. It is undoubtedly true that some services of a commercial bank overlap, to some degree, with those of certain other institutions. Nevertheless, the Court feels quite confident in

holding that commercial banking, viewed collectively, has [fol. 7105] sufficient peculiar characteristics which negate reasonable interchangeability.

Section of the Country

The plaintiff contends that the relevant geographic area for each line of commerce in which to gauge the impact of the proposed merger on competition is the four-county area (Philadelphia, Montgomery, Bucks and Delaware Counties). Under Pennsylvania banking laws, commercial banks may open offices in the political community where their main office is situated, in some other political community within their home county, or in any county contiguous to the county in which the main office is located. At the present time, PNB has offices in Philadelphia and the three contiguous counties of Bucks, Montgomery and Delaware. Girard has offices in Philadelphia, Montgomery and Delaware counties. Plaintiff submits that the phrase "section of the country" in Section 7 must be determined with respect to buyers and sellers. Recognizing that it is as unlikely that any given group of sellers would have all their sales within any specific area, as it is that potential customers in such an area would buy from them to the exclusion of all others, plaintiff argues that the antitrust laws are satisfied if buyers and sellers in a distinguishable area are significantly limited to that area.

[fol. 7106] The defendants suggest that the plaintiff has proposed the four-county area in order to inflate the percentage figures. They contend that a relevant geographic market for banking services must take into consideration not only the location of the bank and the location of its customers, but also the different types of customers and the location of alternative choices available to them.

Plaintiff has presented a multitude of statistical information showing the source of the defendants' business, which the Court will not reiterate here. A few examples should be sufficient. As of September, 1960, combining the figures for the two banks, commercial and industrial loans outstanding in the four-county area amounted to 57% of the total dollar amount; loans to individuals in the four-county area amounted to 72% of the total dollar amount; lines of credit outstanding amounted to 49% of

the total dollar amount; personal trusts originating within the four-county area amounted to 83.1% of the total; and, demand deposits originating within the four-county area amounted to 75.4% of the total dollar amount.

Notwithstanding the fact that some of these percentage figures, at first blush, appear to be substantial, it is the opinion of the Court that the plaintiff has failed to establish that the four-county area is the appropriate section of the country in which to test the legality of the [fol. 7107] merger.

Commercial bank markets are extremely complex. It is difficult to pin point a specific locale as the relevant geographic market. PNB and Girard compete in the international, national, regional, as well as the local, markets depending upon the particular service and the customer involved.

In addition, the relevant geographic market is a bilateral concept. Not only must the Court consider the origin of the bank's business, but equally as important are the alternatives available to the customer. Borrowers are not limited by political boundaries, although the smaller ones are limited in range. The alternatives available necessarily depend on the size and financial condition of the customer.

The larger customers definitely have alternatives ranging from regional to national. It was very surprising to learn at the trial of this case that not only New York banks solicit and receive substantial business from customers within the four-county area, but also large banks from all the larger cities in the nation do likewise. Further, the Court is satisfied that PNB and Girard derive a substantial amount of business from without the four-county area.

What then is the "section of the country"? At the very least, it must include the entire Delaware Valley (i.e. Philadelphia, Bucks, Montgomery, Delaware, Chester, Cam- [fol. 7108] den, Burlington and Gloucester counties, the last three being in New Jersey), or the ten-county area referred to by the defendants and definitely New York City. However, it probably would be more accurate to state that the relevant geographic market in which PNB and Girard compete includes the greater part of the northeastern United States.

Unfortunately, the Court does not have comparative figures on the relative size of the defendant banks' business in these areas as contrasted with local banks. Plaintiff has confined its proof almost solely to the four-county area. For this reason, the Court could terminate its discussion of the Clayton Act at this point. The legality of a merger cannot be tested without a relevant market. However, the Court will assume, although it holds otherwise, for the remainder of the opinion that the plaintiff has proved that the four-county area is the "section of the country."

The Clayton Act

With this arguendo assumption (i.e. that plaintiff has established the four-county area as the relevant geographic market), the issue arising under the Clayton Act can now be stated: Whether the proposed merger of PNB and Girard may substantially lessen competition or tend to create a monopoly in commercial banking in the four-county area, in violation of Section 7 of the Clayton Act. [fol. 7109] The plaintiff contends, that the proposed merger is in violation of Section 7 because of the following reasons: (1) the undeviating trend toward banking concentration in the four-county area; (2) the direct, substantial competition which will be eliminated; (3) the unlikelihood of substantial new entrants into the business; and (4) the much larger resources the merged bank would have.

Plaintiff places considerable weight on the second reason above listed. Cited is the often quoted section of the House Report which reads in relevant part:

> "The bill is intended to permit intervention in such a cumulative process when the effect of an acquisition may be a significant reduction in the vigor of competition, even though this effect may not be so far-reaching as to amount to a combination in restraint of trade, create a monopoly, or constitute an attempt to monopolize. Such an effect may arise in various ways: such as elimination in whole or in material part of the competitive activity of an enterprise which has been a substantial factor in competition. . . ." H. R. Rep. No. 1191, 81st Cong. 1st Sess. (1949), p. 8.

It is the plaintiff's position that the elimination of Girard, which defendants readily admit is in direct competition with PNB, will substantially suppress and lessen competition with the consequent tendency to monopoly.

Defendants, on the other hand, submit that the legislative history of the 1950 amendment to Section 7 of the Clayton Act discloses clearly that Congress did not intend [fol. 7110] that a merger or acquisition would be unlawful merely by reason of the elimination of competition between two business enterprises. It is argued that the basic test is whether, after considering all of the relevant factors, there is a reasonable probability of a significant reduction in the vigor of competition.

It is the opinion of this Court that the defendants have correctly stated the proper test. As mentioned previously, the key factor in all the antitrust laws is the preservation of vigorous competition. Unfortunately, Congress has not spelled out any definite formula for judging the legality of a merger under Section 7. Consequently, several different tests have been used or suggested, many of which have been subjected to severe criticism. However, the most practical one, from this Court's point of view, is that recognized in *American Crystal Sugar Co. v. Cuban-American Sugar Co.*, 259 F. 2d 524, 527 (1958):

> "And the ban on a substantial lessening of competition 'in any line of commerce in any section of the country,' requires, for determination of a violation, first, a definition of a relevant market in which a lessening of competition has probably occurred and, second, analysis of the nature and extent of the competition within that market. Consequently, the parties are agreed that an acquisition is not illegal because of its impact on competition between the corporations involved: that the proper test is one of the *qualitative* substantiality of the resulting effect on competition in the relevant market. We too agree. We hold that [fol. 7111] only an acquisition which in the long run may reasonably be expected to substantially lessen competition within a relevant market, will violate Section 7 as amended." (Emphasis supplied)

The "qualitative substantiality" test, in contradistinction to "quantitative substantiality", requires an appraisal of all the relevant factors, not merely a determination of the aggregate share of the market which would be held by the merged banks. A qualitative analysis is the only procedure which this Court feels justified to follow. This type of an approach, however, is not without difficulty. Involved is a selection of those factors which can be considered relevant.

The Court will discuss and answer the following relevant questions: (1) How much of an increase in concentration will be brought about by the merger? (2) Will the increase in concentration give the merged bank the power to control the price and supply of banking services? (3) Will the merger eliminate a substantial competitor from the market? (4) What is the competitive situation among commercial banks in the relevant market today? (5) What will probably be the competitive situation after the merger? (6) What is the probability of a new commercial bank coming into existence in the four-county area? (7) What is the history of defendants with respect to prior mergers? [fol. 7112] The Court is not unmindful of the fact that the relevancy of many of these factors has been challenged more than once. Nevertheless, the Court believes that the answers to these questions, considered collectively, rather than individually, will be valuable in predicting the vigor of competition in the relevant market after the merger. Perhaps other questions might also be posed. The Court, however, thinks that those presented are sufficient to give the correct answer. It should be noted that in this discussion, the Court will not advert to the benefits of the proposed merger. The Court is convinced that the merger will definitely benefit the community, but does not consider this particularly relevant in the present discussion of the question posed. The questions and discussions thereon follow:

(1) Increase in Concentration: As of December 31, 1960, there were 41 commercial banks with head offices in the four-county area, operating 284 commercial banking offices throughout Philadelphia, Bucks, Montgomery and Delaware counties. The largest bank, as of June 30, 1960, had total assets equal to 22.9% of the assets of all commercial

banks with head offices in the four-county area. PNB ranked second with 21% and Girard third with 16.1%. After the merger, the defendants would have approximately 37.1% of all the assets of all commercial banks within the four-county area.

[fol. 7113] PNB, as of October 3, 1960, had total net loans equal to 19.8% of the total loans made by all commercial banks with head offices in the four-county area. Girard had 14.6% of the total. The remaining three largest commercial banks in the four-county area, as of the same date, had 23.8%, 10.2%, and 9.1% respectively, of total net loans of all commercial banks with head offices in the four-county area. The combined bank would hold approximately 34% of all the loans of all commercial banks with head offices in the four-county area.

PNB, as of October 3, 1960, had total deposits equal to 21.3% of the total deposits of all commercial banks with head offices in the four-county area. Girard had 14.5% of the total. The other three largest commercial banks, as of the same date, had total deposits representing 22.1%, 9.9% and 9.3%, respectively, of total deposits of all commercial banks with head offices in the four-county area. The combined bank would hold approximately 36% of all the deposits of all commercial banks with head offices in the four-county area.

The defendants rebut this increase in concentration charge with some figures of their own. Although the Court does not consider concentration in other cities decisive in this case, some of the percentage figures are nevertheless worthy of mention and consideration. If the 53 reserve and central reserve cities of the Federal Reserve System are ranked in the order of the percentage of total com- [fol. 7114] mercial banking assets in each city held by the largest commercial bank in that city as of June 1956, Philadelphia would, after the proposed merger, rank 32nd with 36.16%. Of the 224 cities in the United States with populations over 500,000 in 1956, 190 had a commercial bank with 35% or more of the total commercial banking assets in the city. There are four commercial banks in the United States, each with a lending limit greater than the aggregate of the lending limits of all the commercial banks in Philadelphia. Each of 20 commercial banks in the United

States has a lending limit greater than that of any commercial bank in Philadelphia, and 9 of these are in cities smaller than Philadelphia. 13 such banks, 4 of which are in cities smaller than Philadelphia, have a lending limit greater than that of the proposed merged bank. The Court finds that no dangerously potential concentration will result from this merger.

(2) Power to Control Price and Supply of Banking Services: The plaintiff has not pressed this point in its post-trial brief. However, Dr. Oscar Goodman, Professor of Finance at the Graduate School of Business of Northwestern University, testified for the plaintiff that the merged bank would have the power to affect the price and supply of available bank credit within the four-county area. The Court is satisfied, however, that defendants have proved this to be impossible. Entirely too much [fol. 7115] competition exists at all levels to permit such an occurrence. The merged bank would lose a substantial amount of business in a brief period of time if it attempted to dictate the price and/or control the supply of credit in the four-county area. The increase in size would not be sufficient for market domination. Because there are so many alternative choices for borrowers of all sizes, the merged bank would be unable to cause its competitors to raise service charges or interest rates, or prevent any borrower from having his banking needs met by other commercial banks.

(3) Elimination of a Substantial Competitor: Defendants do not (indeed they cannot) deny that substantial direct competition will be eliminated by the merger. PNB and Girard compete in the offering of banking services as well as in the acquisition of branch sites in the contiguous three counties. A substantial part of the transcript of testimony is directed to this area. However, the figures previously set out speak for themselves: Nothing would be gained in reciting the additional facts with respect to this phase of the case. Suffice it to state that the plaintiff has established that PNB and Girard do engage in substantial direct competition one with the other, but the Court, as discussed more fully infra, finds that the elimination of one competitor will not result in a lessening of vigorous competition in the commercial banking field.

[fol. 7116] (4 and 5) Competition: It is fair to say that competition among commercial banks in the four-county area is extremely vigorous. The plaintiff has not suggested otherwise; but, notwithstanding the established fact that Girard, a substantial competitor of all commercial banks in the four-county area, would be eliminated by the merger, the defendants contend that competition in the four-county area would be intensified *after the merger*.

Defendants produced several witnesses, including many representatives of other Philadelphia commercial banks, who testified that competition, after the merger, would be increased rather than lessened. For example, W. Carlton Harris, Emeritus Professor of Finance at the University of Pennsylvania and a director of the Broad Street Trust Company, testified that the merger would sharpen and probably increase competition among Philadelphia banks. He stated that this was the effect of previous mergers in the area. Samuel Weinrott, Chairman of the Board of Industrial Valley Bank and Trust Company, asserted that banking competition in Philadelphia today is greater than it was ten years ago. It was his opinion that competition would be increased by the merger. Mr. Weinrott stated, as did many of the other bankers, that he expected to acquire new business from defendants' customers who might have accounts with both PNB and Girard, or who might not approve of the merger for one reason or another. He [fol. 7117] also testified that smaller banks can and do compete actively with larger banks, and that previous mergers have not hindered the growth of the smaller banks. This opinion was substantiated by the exhibits produced, charting the rate of growth of the small commercial banks. Albert T. Mason, President of Liberty Real Estate Bank and Trust Company, Hubert J. Horan, Chairman of the Board of Broad Street Trust Company, and S. Harry Galfand, Chairman of the Board of Citizens and Southern Bank, all repeated in substance the testimony of Mr. Weinrott.

Lewellyn A. Jennings, Senior Vice-President of the Republic National Bank of Dallas, and former Acting Comptroller of the Currency, testified that competition among commercial banks was never keener and that all commercial banks are after mass banking business, competing for

small and medium size loans. It was also his opinion that the merger will increase existing and potential competition in commercial banking in the Philadelphia area.

Dr. Warren Smith, Professor of Economics at the University of Michigan, however, testified that the elimination of a large lender will significantly reduce the degree of competition because an important alternative source of credit for many borrowers, over a rather wide area, will be eliminated. Indeed, this is the crux of the plaintiff's case. He, Professor Smith, without any banking experi- [fol. 7118] ence, stands alone in this forecast which the Court does not accept.

It is true that one alternative source of credit will be eliminated. It hould be noted, however, that borrowers would have available the following alternatives after the merger: 41 commercial banks for loans up to $10,000; 39 for loans up to $25,000; 35 for loans up to $50,000; 27 for loans up to $100,000; 18 for loans up to $250,000; 10 for loans up to $500,000; 7 for loans up to $1,000,000; 4 for loans up to $2,500,000; 3 for loans up to $5,000,000; 2 for loans up to $7,000,000; and 1, as a result of the merger, for a loan up to $15,000,000. If these alternative sources intend to compete more vigorously than before, thereby increasing rather than decreasing the competitive pressure, Dr. Smith's conclusion that the merger will significantly reduce the degree of competition does not necessarily follow. Moreover, the main bone of contention here is that the merger will have its most serious effects on small and medium size borrowers. The above figures, however, indicate to the Court that there are more than an adequate number of sources for these types of borrowers. In fact, it has been established that a borrower turned down by three banks would be unable, with few exceptions, to obtain a loan at another commercial bank. And, of course, those borrowers in need of larger loans are not limited to the few banks in Philadelphia capable [fol. 7119] of making such a loan.

It is the conclusion of this Court that all indications are that competition will be even more vigorous after the merger than before.

(6) Probability of New Entrant: Plaintiff contends that it is very unlikely a substantial competitor will enter the

market. Although the number of commercial banks in the four-county area has decreased from 108 in 1947 to 42 in 1960, it is nevertheless a fact that a commercial bank has been established in the last decade just outside Philadelphia, the Bank of Old York Road, which has experienced rapid and substantial growth. It would be pure conjecture on the part of this Court, however, to predict that a substantial competitor will not likely enter the market in the future.

(7) Past Acquisitions; It has been established that a substantial part of the present size of both PNB and Girard has been achieved as the result of merger and consolidation in the last ten years. However, it has been shown that mergers with existing banks in the suburbs of Philadelphia were, in many cases, the only feasible way for larger banks to follow the migration of many of their customers into these areas. In addition, in many cases, it appears that small banks in the four-county area have found mergers with larger banks to be a solution to their problems of inadequate banking services, rising costs, and [fol. 7120] management succession.

In summary, it can be said that although the merger will increase concentration to the percentage figures given, the merged bank would have no power to control the price and supply of credit, nor could it dominate the market in any manner. And, although a direct substantial competitor will be eliminated, the only competent testimony upon the subject establishes that competition will be more vigorous after the merger. Also, although the commercial banking field is not an easy one to enter, it cannot be concluded that a new bank will not be established in the four-county area in the future. Finally, although the defendants have engaged in prior mergers, these mergers have had valid business purposes as the motivating force.

Viewing all this collectively, the Court can see no reasonable probability that competition among commercial banks in the four-county area will be substantially lessened.

Moreover, it is difficult to perceive a reasonable probability that this merger will tend to create a monopoly in commercial banking in the four-county area. Certainly, every time one bank in an area is eliminated, the path toward an eventual monopoly or oligopoly is shortened.

This can be said for the most insignificant combination. But this does not mean that a monopoly is inevitable. Especially is this true in the area of bank mergers. Every future merger in the four-county area will be subject to [fol. 7121] the close scrutiny of the appropriate state and federal agency. At some point any trend, if discernible in the future, will be checked. Although some of plaintiff's witnesses, for the most part independent bankers from smaller communities throughout the country, were of the opinion that approval of this merger would trigger others in the four-county area, as well as the remainder of the United States, this Court is not prepared to concur. The competitive situation that exists in the four-county area, with the many alternatives available to a prospective customer, leads to the inescapable conclusion that any tendency to monopoly or oligopoly at this stage is non-existent. What happens in the future must be left to the appropriate federal banking agency, and, if necessary, to another Court at another time. All that is being said is that this particular merger will not tend to create a monopoly.

The Sherman Act

This Court has also been called upon to decide whether the combination of PNB and Girard will result in an unreasonable restraint of trade or commerce in commercial banking in the four-county area in violation of Section 1 of the Sherman Act. Of course, the same assumption with respect to the relevant geographic market applies here as it did when the Clayton Act was considered.

Very briefly it can be stated that a merger which does [fol. 7122] not violate the Clayton Act can hardly be held to violate the more stringent standards of the Sherman Act.

Even aside from any consideration of the Clayton Act, however, the plaintiff has failed to establish by a fair preponderance of the evidence that the proposed merger constitutes an unreasonable restraint of trade or commerce. To warrant an injunction restraining an alleged violation of Section 1, there must be a definite factual showing of illegality. *Standard Oil Co.* v. *United States*, 283 U. S. 163, 179 (1931).

In *United States* v. *Columbia Steel Co.*, 334 U. S. 495, 527-528 (1948), the Supreme Court laid down some guidelines to be considered when an acquisition of assets is being challenged under the proscriptions of the Sherman Act:

> "It is first necessary to delimit the market in which the concerns compete and then determine the extent to which the concerns are in competition in that market. If such acquisition results in or is aimed at unreasonable restraint, then the purchase is forbidden by the Sherman Act. In determining what constitutes unreasonable restraint, we do not think the dollar volume is in itself of compelling significance; we look rather to the percentage of business controlled, the strength of the remaining competition, whether the action springs from business requirements or purpose to monopolize, the probable development of the industry, consumer demands, and other characteristics of the market. We do not undertake to prescribe any set of percentage figures by which to measure the reasonableness of a corporation's enlargement of its activities by the purchase of the assets of a competitor. The relative effect of percentage command of a market varies with the setting in which that factor is placed."

[fol. 7123] The Court does not intend to repeat the facts considered when discussing the alleged violation of the Clayton Act. Suffice it to state that a re-evaluation of them, in light of what has been said above, convinces the Court that the proposed merger meets the "reasonable" test and does not violate Section 1 of the Sherman Act.

Findings of Fact and Conclusions of Law

The Government has submitted 600 proposed Findings of Fact and numerous proposed Conclusions of Law. The Court has reviewed these in great detail. Many of them have to do with separate lines of commerce which clearly are not applicable since the Court has found that the line of commerce is commercial banking in all its integral parts. An inordinate number refer to the four-county area which the Court has determined not to be the relevant market. Many have no bearing on the decision of the action.

The Court, therefore, makes the following rulings on the Government's proposed Findings of Fact:

Nos. 1 to 8 incl. affirmed; 9 and 10 refused as stated; 11, 12, 13 affirmed; 14 refused as stated; 15, 16, 18 affirmed; 19 refused as stated; 20 to 23 incl. affirmed; 24, 25 refused as stated; 26, 27, 28 affirmed; 29, 30, 31 refused as stated; 32 affirmed; 34 refused as stated; 35 affirmed; 36 refused as stated; 37 affirmed; 38 refused as stated; 39, 40 affirmed; [fol. 7124] 41 refused as stated; 42 affirmed; 43 refused as stated; 44 to 47 incl. affirmed; 48 refused as stated; 49 affirmed; 51, 52, 53 refused as stated; 54 to 68 incl. affirmed; 69 refused as stated; 70 affirmed; 71 refused as stated; 72, 73, 74, affirmed; 75 refused as stated; 76 to 82 incl. affirmed; 83 refused as stated; 84, 85 affirmed; 86, 87 refused as stated; 88, 89, 90 affirmed; 91 to 157 incl. refused as stated as not pertinent to the decision of this case; 158 to 231A refused as stated, since these requests are designed to establish separate lines of commerce, and the Court has determined commercial banking, in all its relevant integral parts, is the line of commerce involved; 232 to 285 incl., the statistical tables are approved; the conclusions therefrom which the plaintiff asked the Court to draw are denied, and the remaining parts are refused as stated; 286 to 290 incl. affirmed; 291 refused as stated; 292 to 297 incl. affirmed; 298 refused as stated; 299 to 318 incl. affirmed; 319 refused as stated; 320 to 325 affirmed; 326 refused as stated; 327, 328 affirmed; 329, 330, 331 refused as stated; 332 affirmed; 333 to 335 incl. refused as stated; 336 to 345 affirmed; 346 refused as stated; 347, 348, 349 affirmed; 350 refused as stated; 351 affirmed; 352 refused as stated; 353 affirmed; 354 refused as stated; 355, 356 affirmed; 357 refused as stated; 358 affirmed; 359 refused as stated; 360 affirmed; 361, 362 refused as stated; 363 to 384 incl. affirmed; 385, 386 refused as stated; 387, [fol. 7125] 388, 389 affirmed; 390, 391 denied; 392, 393, 394 affirmed; 395, 396 refused as stated; 397 to 401 incl. denied; 402 to 431 incl. refused since they presuppose a four-county relevant market which the Court has found to be nonexistent; 432 to 458 affirmed; 459 refused as stated; 460, 461 affirmed; 462 denied; 463 to 471 affirmed; 472, 473 refused as stated; 474 affirmed; 475 to 600 incl. refused as stated; these requests are argumentative, do

not completely reflect the situations developed by the testimony, and do not reflect the findings of the Court as set forth in the Opinion.

The Conclusions of Law submitted by the plaintiff are refused as stated.

The affirmation of plaintiff's proposed Findings is subject to the Findings of the Court as to the facts of the case set forth in the Opinion, and in the event of any possible conflict between the proposed Findings of Fact and statements made in the Opinion, the language of the Opinion shall govern.

Of the defendants' requested Findings of Fact, Requests Nos. 54, 55, 58 to 92, and Request No. 162 are refused as stated and the remainder Requests are affirmed.

In the event of any possible conflict between defendants' requested Findings of Fact and statements made in the Opinion, the language of the Opinion shall govern.

[fol. 7126] All Conclusions of Law requested by the defendants are refused as stated.

Resume

As before stated, this is the first action tried after the passage of the Bank Merger Act of 1960. The controversy inherent in the case between co-ordinate branches of the Executive Department of Government is to be regretted. Congress, in passing the Bank Merger Act, deliberately fixed the responsibility of approving or disapproving proposed mergers of national banks in the Comptroller of the Currency. This responsibility was fixed despite vigorous protests of individual bankers and the Department of Justice. The Comptroller of the Currency then, by Act of Congress, was of necessity required to consider the reports of the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Attorney General, with respect to the competitive factors involved. All three of these Departments of Government reported that in the opinion of their experts, the consummation of the proposed merger would adversely affect competition in the Philadelphia area. The Federal Deposit Insurance Corporation concluded that the merger would not be adverse in the regional, national and international field of competition. With these reports available to him, and after

considering them, the Comptroller, in pursuance of his [fol. 7127] statutory duty, reviewed them and despite their content, approved the merger as not involving undue concentration of banking power, not tending toward a monopoly, not destructive of competition in the commercial banking field, and definitely in the public interest. The Court, after a full trial, agrees completely with the conclusions of the Comptroller of the Currency.

This is one of the few instances in which one Department of the Government, after having been consulted and its advice not being followed, has challenged in the Court the findings of a co-ordinate Department of the Executive Branch of the Government on the basis of disagreements between Departments of our Government. And what is the expertise of these three dissenting co-ordinate branches of the Executive Department that prompted this challenge? The Courts have uniformly held that once Congress has reposed its confidence in the expertise of a particular Department, the Courts should not substitute its judgment in the place and stead of the Department involved. The Government has asked this Court, without the production of a single shred of evidence, and on the basis of reports no more illuminating than that of the Comptroller of the Currency, to give legal effect to the conclusions of the dissidents, rather than the Department charged with the responsibility.

This Court fails to see how any court, without some fac-[fol. 7128] tual basis being laid therefor, could accede to any such request and this is all the more true in this particular case where experienced, substantial bankers throughout this entire area have appeared in open court, subjected themselves to searching cross-examination, and have unanimously demonstrated that the proposed merger would not cause an undue concentration of banking, would not tend toward a monopoly, and definitely would increase the vigor of competition which the Congress of the United States from the passage of the Sherman Act down to the present date has, by law, attempted to foster.

The Court was not impressed with the attempts of the Government to show that banking is of minor importance in the life of a community generally and of almost absolute unimportance in the business life of the community.

The Government, in its attempt to establish this contention by testimony that no single particular individual industrial organization had ever entered a particular territory because of the presence or absence of banking facilities, has ignored the industrial history of the United States. Should one ever speculate as to whether any industry would enter a community without banking facilities, the answer would be completely obvious. Historically, banking facilities have preceded industry in every community.

The Government also attempted to show that by combining the lending limits of all Philadelphia banks, borrowers in the larger categories could be well accommodated. [fol. 7129] This ignores again the realities of the situation and the positive testimony that in the larger industries, there is a decided reluctance on the part of financial officers to be made the subject of participating loans. With the originating bank, there is also an aversion to these loans as it requires considerable negotiation and technical handling which is to be avoided wherever possible.

The evidence demonstrated beyond peradventure of doubt that the Philadelphia area, plus parts of Delaware and New Jersey, and also New York City, as well as most of the northeastern part of the United States, is the area of active competition for Philadelphia commercial banks and for the proposed merged bank. The testimony discloses that the competitive effect upon all Philadelphia commercial banks will be minimal. The larger bank, however, will be able to compete on better terms and in a better atmosphere with the banks of other cities and states that have been draining this area of banking business which might well be and perhaps properly should be handled here, and which cannot be handled under present circumstances. That it will benefit the city and area has been established clearly by a fair preponderance of the evidence, as has been set forth in the Findings of Fact of the defendants previously affirmed.

There is nothing in this record which supports the aver- [fol. 7130] ments of the complaint that the proposed merger involves an unlawful combination in restraint of trade; would result in or tend toward monopoly, or violate the provisions of the Clayton Act, if applicable; and the

proposed merger certainly violates no provision, either express or implied, contained in the Bank Merger Act of 1960.

Since the proposed merger contains none of the defects alleged in the Government's case and will be in the public interest, it follows that judgment must be entered in favor of the defendants and against the plaintiff.

Conclusions of Law

1. The Court has jurisdiction of the parties and of the subject matter.

2. The Bank Merger Act of 1960 does not, by its terms, remove bank mergers from the application of either the Sherman Antitrust Act or the Clayton Act.

3. The approval of the merger by the Comptroller of the Currency, under the Bank Merger Act, is not the final and exclusive determination of its legality.

4. The proposed merger of the Philadelphia National Bank and the Girard Trust Corn Exchange Bank is not within the scope of Section 7 of the Clayton Act.

5. Plaintiff has failed to prove that the merger would violate Section 7 of the Clayton Act, even assuming the [fol. 7131] same to be applicable, because the preponderance of credible evidence shows:

(a) That the four-county area is not the relevant geographic market (see plaintiff's requests 5, 6, and 372);

(b) Even assuming that the four-county area is the relevant geographic market, credible evidence shows that the proposed merger will not substantially lessen competition or tend to create a monopoly in commercial banking in the four-county area.

6. The plaintiff has failed to prove by a fair preponderance of credible evidence that the merger will unreasonably restrain trade and commerce in commercial banking either in the relevant geographic market or in the four-county area.

7. Defendants are entitled to judgment dismissing the complaint in its entirety on the merits.

An order dismissing the action with prejudice will be filed concurrently with this opinion.

[fol. 7132] [File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action No. 29287

UNITED STATES OF AMERICA, Plaintiff,

v.

THE PHILADELPHIA NATIONAL BANK AND GIRARD TRUST CORN EXCHANGE BANK, Defendants.

JUDGMENT—January 15, 1962

And Now, to wit, this 15th day of January, 1962, for the reasons set forth in the Opinion filed concurrently herewith, it is Ordered, Adjudged and Decreed that the prayers in the Complaint of the plaintiff, United States of America, that the agreement of consolidation between defendants, The Philadelphia National Bank and Girard Trust Corn Exchange Bank, be adjudged and decreed to be unlawful, in violation of Section 1 of the Sherman Act and Section 7 of the Clayton Act, and that the defendants, The Philadelphia National Bank and Girard Trust Corn Exchange Bank, be enjoined from carrying out the said agreement of consolidation, be and they are hereby Denied; further, that the action be and it is hereby Dismissed on the Merits, with prejudice.

By the Court:

Thomas J. Clary, Ch. J.

[fol. 7133] [File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action No. 29287

[Title omitted]

STIPULATION—Filed February 2, 1962

It is hereby stipulated and agreed by and between the parties to the above entitled action that:

1. The motion filed by the United States on January 15, 1962 to stay all proceedings on the Final Judgment entered in this action on January 15, 1962 is hereby withdrawn.

2. Defendants, The Philadelphia National Bank and Girard Trust Corn Exchange Bank, agree that they will not merge or consolidate until after March 12, 1962 or until after decision by the Supreme Court of the United States on an appeal by the United States if such appeal is taken from the said Final Judgment on or before March 12, 1962.

3. The following schedule will be adhered to in the filing of any of the papers indicated with respect to any appeal by the United States:

(a) Jurisdictional statement—March 12, 1962;
(b) Motion to affirm—April 11, 1962;
(c) Reply to motion to affirm—May 2, 1962.

Donald G. Balthis, Attorney, Department of Justice. Philip Price, Attorney for Girard Trust Corn Exchange Bank. Arthur Littleton, Attorney for The Philadelphia National Bank.

Approved, February 2nd, 1962;

Thomas J. Clary, Chief Judge.

[fol. 7134] IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action No. 29287

NOTICE OF APPEAL TO THE SUPREME COURT OF THE UNITED STATES—Filed February 26, 1962

I. Notice is hereby given that the plaintiff, United States of America, hereby appeals to the Supreme Court of the United States from the final judgment entered in this action on January 15, 1962, dismissing the complaint. This appeal is taken pursuant to 15 U.S.C. 29.

II. The clerk will please prepare a certified transcript of the record in this cause for transmission to the Clerk of the Supreme Court of the United States, and include therein the entire record before the district court, including the pleadings, the transcript of testimony, the exhibits submitted by the parties and this notice of appeal.

III. The ultimate question presented by this appeal is whether the proposed consolidation of the Philadelphia National Bank and Girard Trust Corn Exchange Bank is a combination in unreasonable restraint of trade in violation of Section 1 of the Sherman Act, or has effects which may substantially lessen competition or tend to create a monopoly in violation of Section 7 of the Clayton Act.

This includes, but is not limited to, the following subsidiary questions:

(a) Whether the four-county area in which the defendants maintain offices and from which they derive most of their business is an appropriate geographical market in which to measure the effects of the consolidation upon competition.

[fol. 7135] (b) Whether the proposed consolidation constitutes an acquisition of stock or other share capital within the meaning of Section 7 of the Clayton Act, and, hence, is subject to that section.

/s/ George D. Reycraft. /s/ John M. O'Donnell. /s/ P. Jay Flocken. /s/ Charles A. Degnan, Attorneys for Plaintiff.

Dated: February 23, 1962

[fol. 7136] Proof of service omitted in printing.

[fol. 7137] [File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil No. 29287

UNITED STATES OF AMERICA, Plaintiff,

v.

THE PHILADELPHIA NATIONAL BANK AND GIRARD TRUST CORN EXCHANGE BANK, Defendants.

ORDER—February 28, 1962

And Now, to wit, February 28th 1962, it is Ordered that the original record in this case be transmitted to the Supreme Court of the United States, upon plaintiff's appeal. It Is Further Ordered that upon the termination of the proceedings in the Supreme Court of the United States said record be returned to this Court.

By the Court:

Thomas J. Clary, Chief Judge.

Consent to the entry of the foregoing Order is hereby stipulated.

Donald G. Balthis, Attorney, Department of Justice. Arther Littleton, Attorney, The Philadelphia National Bank. Philip Price, Attorney, Girard Trust Corn Exchange Bank.

[fol. 7138] SUPREME COURT OF THE UNITED STATES, OCTOBER TERM, 1961

No. 799

UNITED STATES, Appellant,

vs.

THE PHILADELPHIA NATIONAL BANK, et al.

ORDER NOTING PROBABLE JURISDICTION—May 21, 1962

Appeal from the United States District Court for the Eastern District of Pennsylvania.

The statement of jurisdiction in this case having been submitted and considered by the Court, probable jurisdiction is noted.

May 21, 1962.

Mr. Justice Frankfurter and Mr. Justice White took no part in the consideration or decision of this case.

U. S. GOVERNMENT PRINTING OFFICE 1962 [illegible]